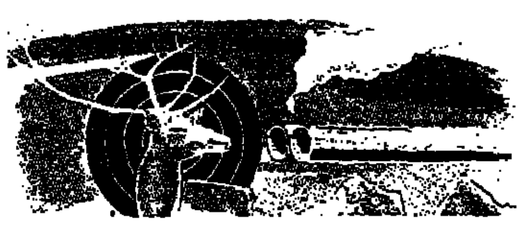
Weekend FT

Inside section II
18 Pages

Russian arts perform a dance of death
Page I



The ritual of the alpine stag hunt
Page X

Eleanor Roosevelt: issues of sex and power
Page XIV

What the Danish crisis means for Europe
Page 7

FT NEWSPAPER of THE YEAR

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND JANUARY 16/JANUARY 17 1993

D8523A

Yeltsin offers nuclear security deal to Ukraine

Russian leader Boris Yeltsin yesterday said his country was ready to give neighbouring Ukraine a promise that it would not launch a nuclear attack against it. The offer was in return for ratification by the Ukrainian parliament of the Start 1 treaty and the return of Russia's strategic nuclear missiles. Page 2

Threat to India's unity: India could break apart if communal violence is allowed to spread, the country's prime minister P V Narasimha Rao warned. He was speaking after touring Bombay, where at least 500 people have died in recent Hindu-Moslem rioting. Financial help pledge, Page 3

Dow Chemical takes $430m charge: The US's biggest chemicals group warned investors to expect a disappointing fourth quarter, disclosing a $430m (£282.8m) pre-tax charge against 1992 earnings. They are to cover restructuring moves, including job cuts and plant closures. Page 10

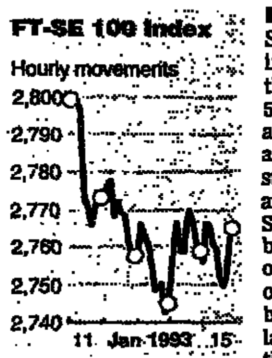
European publishing deal: Dutch publisher Wolters Kluwer has bought Liber, Sweden's second-biggest publishing house, from a group of Swedish institutional shareholders. Page 10

No agreement on army role: Germany's government failed to muster the necessary parliamentary majority for a constitutional change that would mean German soldiers could take part in UN peace-keeping and peace-making operations.

Danish power vacuum: Denmark's Social Democratic party seems likely to form a minority government following the resignation of prime minister Poul Schlüter. Page 3

US boosts Haiti patrol: US Coast Guard ships are ringing Haiti to forestall a big migration of boat people after president-elect Bill Clinton takes office next Wednesday. Mr Clinton reversed his earlier stand, saying he would maintain the present policy of deporting Haitians without an immigration hearing.

FT-SE 100 Index
Hourly movements



London equities: Stocks eased upwards in London, leaving the FT-SE 100 index 5.9 points stronger at the end of the day at 2,765.1, although still 34.1 lower than at the start of the week. Sentiment was boosted by Wall Street's healthy opening and a surge of overseas-sourced buying. But the market later lost heart, seeing the latest UK inflation data as putting paid to lingering hopes of a UK interest rate cut. Page 13; Weekend FT, Page II

Briton dead in volcano eruption: A British scientist was named as one of at least six people killed in a volcanic eruption in southern Colombia. Geoff Brown, 47, professor of earth sciences at the Open University, was among 100 vulcanologists in Colombia for a conference.

Irish mortgage meeting: Irish building societies met government officials to try to avert interest rate rises that could mean home loans of 18 per cent. The societies warned that rates would have to rise early next week unless money market costs fell sharply. Currencies, Page 11

Actor confesses to murder: Brazilian actor Guilherme de Padua confessed in a Rio de Janeiro court to murdering Daniela Perez, his co-star in a prime-time television soap opera. The case has dominated Brazilian headlines since the murder in December.

Two die in storms: A father and son were killed in Cumbria when their car was crush under a lorry toppled by high winds. Elsewhere in Britain, gales and heavy rain brought blocked roads, road closures and flooding. Weather, Page 22

Forged dollars: South German police seized forged $50 bills with a face value of $15m (£9.8m). They arrested six people and impounded a printing press.

Women's polar crossing: Four US women skiers have reached the South Pole. They are trying to become the first female expedition to cross the Antarctic.

STOCK MARKET INDICES

FT-SE 100:	2,765.1	(+5.9)
Yield	4.39	
FT-SE Eurotrack 100	1,099.58	(+12.65)
FT-A All-Share	1,340.16	(+0.2%)
Nikkei	Closed	
New York lunchtime		
Dow Jones Ind Ave	3,273.83	(+5.95)
S&P Composite	436.38	(+2.44)

US LUNCHTIME RATES

Federal Funds:	$2\frac{15}{16}$%
3-mo Treas Bills: Yld	3.093%
Long Bond	$103\frac{1}{8}$
Yield	7.358%

LONDON MONEY

3-mo Interbank	$7\frac{1}{16}$%	(7%)
Liffe long gilt future:	Mar $100\frac{1}{8}$	(Mar $99\frac{31}{32}$)

NORTH SEA OIL (Argus)

Brent 15-day March	$17.6	(17.325)

Gold

New York Comex Jan	$ 327.0	(327.3)
London	$327.85	(327.55)

STERLING

New York lunchtime:		
$	1.529	
London:		
$	1.53	(1.5375)
DM	2.5025	(2.49)
FFr	8.4525	(8.44)
SFr	2.29	(2.2775)
Y	193	(193.25)
£ Index	81.2	(81.0)

DOLLAR

New York lunchtime:		
DM	1.635	
FFr	5.5285	
SFr	1.4963	
Y	126.185	
London:		
DM	1.6355	(1.6195)
FFr	5.525	(5.49)
SFr	1.4975	(1.4815)
Y	126.1	(125.7)
$ Index	66.7	(66.6)
Tokyo Closed		

For customer service and other general enquiries call:

Frankfurt
(69) 15685150

Iraq given further ultimatum as US troops fly in

By George Graham in Washington and Mark Nicholson in Kuwait

THE US, Britain, France and Russia last night delivered another ultimatum to Iraq, warning it to give clearance for United Nations aircraft to enter the country by 9pm GMT or risk being in breach of its obligations under a series of UN resolutions.

Iraq's UN representative Nizar Hamdoon was reported shortly before the deadline to have said Baghdad had agreed the flights could resume but could not guarantee their safety in the event of another allied military attack.

The warning also demanded the removal of Iraqi police posts from Kuwaiti territory. It came two days after a raid by allied aircraft on missile sites in the air exclusion zone in southern Iraq.

President George Bush declined to spell out what action might follow if Iraq did not comply with the ultimatum. "Sufficient warnings have been given. They know what they must do. This is not just the US, it's the United Nations. It is a strong coalition whose determination has not diminished in any single way," Mr Bush said.

Iraq claimed yesterday its air defences had chased off a military aircraft from the southern no-fly zone. It warned the allies that anti-aircraft units had been alerted to confront any more "hostile activity".

"The US administration has given Iraq only one choice, that is the choice to go to war," said the government newspaper al-Jumhouriyah.

The US said it could not confirm another Iraqi claim that its anti-aircraft batteries had fired on a "hostile air target" in the south of the country.

The latest US ultimatum was issued shortly after more than 300 troops from the US Army 1st Cavalry flew into Kuwait from Fort Hood in Texas. A further two jets were due to land during the night. US officials expect the full complement of about 1,100 troops to be in place by tonight.

They comprise a reinforced brigade of two M1A1 battle tank companies, an infantry company using Bradley fighting vehicles and an artillery battery. Officials stressed that the troops would not be employed to police Kuwait's border with Iraq.

The fresh deployment will bring to about 1,700 the number of US military personnel in Kuwait. The brigade will conduct manoeuvres with the Kuwait army in what officials said would be an "open-ended" deployment.

The 1st Cavalry held exercises with the Kuwaitis last August and October and the present deployment represents an acceleration of a joint operation planned for later this year.

In spite of the highly trumpeted arrival of the US forces, there were no signs last night that Iraq had dismantled six police posts on the Kuwait side of the UN-designated border, as the UN Security Council had ordered it to do by midnight last night.

The police posts, ramshackle structures each manned by up to a dozen Iraqi police, lie between one and two kilometres into Kuwaiti territory under the new UN border demarcation.

Mr Richard Cheney, US defence secretary, warned President Saddam Hussein not to gamble about the US's readiness, if necessary, to launch further military attacks, either before or after Mr Bush hands over to Mr Bill Clinton next week. "He ought to understand that we are prepared to do it again if we have to," Mr Cheney said.

US officials believe Wednesday's raid was successful because Iraq no longer had a functional air defence network in the no-fly zone set up by the allies south of the 32nd parallel.

Inflation falls to 2.6% but underlying rate rises

By Emma Tucker, Economics Staff, in London

BIG CUTS in mortgage interest rates pushed down UK retail price inflation - the so-called headline rate - to 2.6 per cent last month, the lowest rate for 6½ years.

But the Treasury's chosen measure of underlying inflation, which excludes mortgage interest payments, crept back up.

Higher seasonal food and petrol prices were the main factors behind the rise in the annual rate of underlying inflation last month. Prices rose by 3.7 per cent in the year to December compared with 3.6 per cent in the year to November. This was the first rise in the annual rate since March last year.

The latest increase leaves the underlying rate of inflation near the upper end of its target range. Last autumn Mr Norman Lamont, the chancellor, said the government aimed to keep this measure within a range of 1-4 per cent, and to bring it down to 2 per cent before the end of this parliament.

Mr Anthony Nelson, economic secretary to the Treasury, said yesterday he was confident the headline rate would fall further this month. He described the rise in underlying inflation as "very marginal" and said it was well within its parameters. The government was "absolutely determined" it remained so, he said.

Mr Gordon Brown, shadow chancellor, said: "While headline inflation has fallen because of the recession, the underlying rate is rising and is heading towards the upper end of the government's target range."

Most economists expect the headline rate of inflation to continue falling this year as further interest rate cuts affect the index, but they are less sure about the direction of the RPI excluding mortgage interest payments.

Earlier this week figures for producer prices showed that sterling's devaluation has pushed up the prices of raw materials and fuels. Manufacturers' output prices have also risen slightly, but so far they have resisted passing on the higher costs to retailers.

Mr Robert Lind, economist at UBS Phillips & Drew, the investment house, believes the Treasury's underlying measure will rise above 4 per cent because of the effects of devaluation.

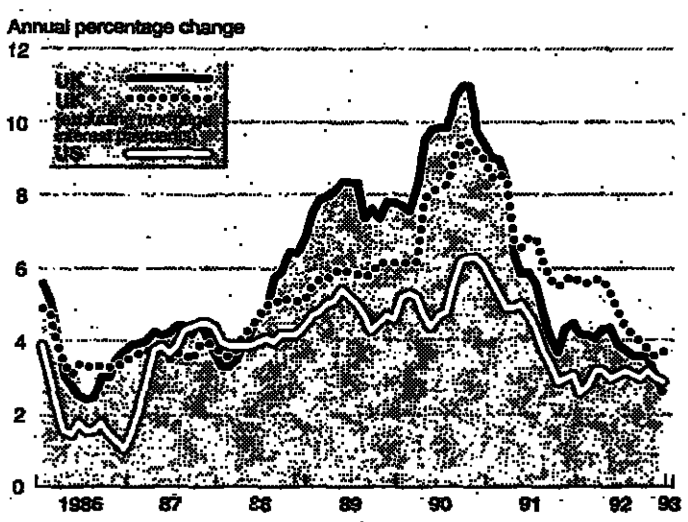
Mr Simon Briscoe, UK economist at the investment house Greenwell Montagu, said: "Our measure of core inflation, which measures only the prices of goods and services that you buy in shops, fell again this month. We consider this to be indicative of what is really going on with inflation in the economy."

Apart from the big rise in seasonal food prices - 4 per cent on the month - Central Statistical Office figures showed a sharp rise in the price of tobacco as manufacturers' price increases continued to feed through to the index.

Prices rose by 1.6 per cent on the month and by 9.1 per cent on the year. Price reductions were concentrated in alcohol, cars, clothing and footwear.

Underlying rate up, Page 5
London stocks, Page 13

Inflation rates
Annual percentage change



Source: Datastream

US data boost Clinton outlook

THE Clinton administration will inherit the best inflation outlook for a generation, according to figures released yesterday, writes Michael Prowse in Washington.

Data on production and exports, however, confirmed that the pace of recovery is likely to remain subdued.

Consumer prices rose 0.1 per cent last month and by 2.9 per cent in the year to December. With the exception of a temporary dip in inflation below 2 per cent in 1986, this was the lowest annual rise since the mid-1960s.

Bonus for Clinton, Page 3
Wall Street report, Page 19

NatWest rules out general pay increase

By John Gapper and Robert Taylor in London

NATIONAL Westminster Bank, one of the largest white collar employers in Britain, yesterday signalled a tough 1993 pay round by telling its 80,000 staff that it could not afford to offer an across-the-board pay rise.

NatWest, which is among the most influential setters of pay trends in the UK labour market, said staff would only receive performance-related pay rises. These will vary between 3 and 6 per cent for most staff, with a minority getting no rise.

The NatWest offer is the first in the banking pay round and may be followed by other low offers from high street banks, which are trying to restrain costs. Barclays Bank, which could declare a loss for 1992 in March, meets unions next week.

The pay offer, which was strongly criticised by unions, indicates that signs of recovery in the economy are unlikely to be reflected in higher pay rises in the spring pay round. NatWest's pay settlement date is in April.

Further signs of pressures on pay emerged in a telephone survey conducted by the Financial Times yesterday, which found that more than 20,000 employees of recession-hit construction companies have had earnings frozen.

Mr Mike Goodswen, NatWest's director of human resources, said the bank had decided not to make an across-the-board pay increase because of internal cost pressures and because the state of the labour market did not require it.

Mr Goodswen said the move did not constitute a pay freeze, as some union leaders yesterday described it. "That is part of the old mentality," he said. He estimated that NatWest's pay bill would rise by at least 3 per cent.

The bank said it would compensate for the lack of a general increase by raising performance-related pay increments by between 0.5 and 1.5 per cent. Increments for non-managers are split into three bands: satisfactory, good and outstanding.

Staff who are judged satisfactory and are are not at the top of pay bands will receive between 4.5 and 6 per cent, as opposed to between 4 and 5 per cent. Those graded outstanding may receive up to 7.5 per cent.

The NatWest Staff Association, which represents about half the bank's staff, said employees were not being rewarded for their contribution to expected increased profits in this financial year.

Mr Dai Davies, NWSA assistant general secretary, said staff faced "continual pressures to achieve sales in the face of severe customer criticism" as well as the fear of compulsory redundancy and the erosion of fringe benefits.

Continued on Page 22
Builders to study banks, Page 5

Italian authorities arrest alleged Cosa Nostra boss

By Robert Graham in Rome

THE ITALIAN authorities yesterday achieved a breakthrough in the fight against organised crime with the capture of Mr Salvatore "Toto" Riina, acknowledged to be the boss of Cosa Nostra, the umbrella organisation of the Sicilian Mafia.

Mr Riina, who has been on the run since 1969, is wanted in connection with some 80 killings. Police believe he was behind the assassination last year of the two leading anti-Mafia magistrates, Giovanni Falcone and Paolo Borsellino.

"This is an extraordinary blow [to the Mafia] and we hope this arrest will have significant repercussions," said Mr Nicola Mancino, the interior minister. "The Mafia has not been beaten but we have arrested a very dangerous mafioso," he added. Some 16 leading figures are still on the run.

Mr Riina's arrest exemplifies the determination of the government of Mr Giuliano Amato to combat organised crime and break the long-standing protection given to the Mafia by elements of the Italian state and among the political parties.

The arrest was made in Palermo when special units of the Carabinieri stopped a Citroën in which Mr Riina was driving with another person. Mr Riina presented false papers but offered no resistance. In the style of a true Mafia boss, he was unarmed.

Earlier this week, Mr Mancino told journalists his main objective this year was the capture of Mr Riina. The fact that he was arrested in Palermo confirmed what many Mafia experts suspected - in spite of being Italy's most wanted criminal, he felt he had enough protection to remain in his native Sicily. Furthermore, police had previously said they believed he had undergone plastic surgery; but photographs showed that the 62-year-old Mafia boss had merely aged.

Mr Giuseppe Ayala, an investigating magistrate and close friend of Falcone and Borsellino, said: "It is a big blow but a certain bitterness remains given that Mr Riina was arrested in Palermo after being more than 20 years on the run. This was not luck; but showed if you want to do something in earnest, it can be done... if only it had been done earlier."

The son of a poor smallholder, Mr Riina has been involved in organised crime since his early teens and married into one of the traditional Mafia families of Corleone. On the run for more than 40 years, the only time he was caught he escaped from house arrest in 1969 near Bologna.

Nicknamed "Toto the short", Mr Riina was first identified in 1984 as the new head of the cupola, the council representing 14 leading Sicilian clans, by Mr Tommaso Buscetta. Mr Buscetta was the first top member of Cosa Nostra to break with the code of omerta (silence) and agree to turn state's evidence after his clan had been defeated in a bloody power struggle, won by Mr Riina and his Corleone clan.

Greater protection and incentives granted last year to repentant mafiosi - pentiti - have encouraged more Mafia members to give evidence against their bosses. This is believed to have played an important part in the government's recent successes in capturing leading Mafia figures. Among those talking under special protection is Mr Riina's for-

Continued on Page 22

Italy moves to boost share ownership..................Page 2
Paolo Berlusconi faces trial over political funds.....Page 2

CONTENTS

Austria Sch30; Bahrain Din1 250; Bermuda $1.65; Belgium BFr60; Bulgaria Lv25.00; China Foc 13.0; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr8.50; Germany DM3 30; Greece Dr300; Hong Kong HK$18; Hungary Ft182; Iceland IKR180; India Rup40; Indonesia Rp3,600; Israel NS5.50; Italy L2700; Japan Y600; Jordan JD1.50; Korea Won 2500; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr60; Malaysia Rm4.50; Malta Lm0 60; Morocco Dh13.00; Nigeria Naira20.00; Netherlands Fl3.75; Norway Nkr16.00; Oman OR1.50; Pakistan Rs35; Philippines Pso 45; Poland Zl 22,000; Portugal Esc215; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4 10; Spain Pta200; Sri Lanka Rup30; Sweden SKr15 00; Switzerland SFr3.20; Syria SyP50.00; Taiwan NT$65; Thailand Bht60; Tunisia Din1.250; Turkey L6000; UAE Dh10.00; USA $1.25 (Alaska & Hawaii $1.75)

No 31,964 Week No 2

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Tax breaks for investors among pre-privatisation measures approved by cabinet

Italy moves to promote share ownership

By Haig Simonian in Milan

ITALY'S cabinet yesterday approved wide-ranging measures to boost popular share ownership ahead of its ambitious privatisation programme.

The steps, originally expected last month, include tax breaks for investors in newly-quoted companies and the chance to swap holdings in government bonds for privatised shares.

The keenly-expected draft law, which has still to be approved by parliament, yesterday pushed share prices upwards. The Comit share index closed up 10.44 at 478.62, after a strong week in which shares have climbed on the back of strong foreign and domestic buying.

Among the most important measures was a 27 per cent tax break to investors on purchases of up to L7.5m (£3,560) a year in shares of newly floated companies - provided the stock is held for at least three years. The measure amounts to a L2m annual tax reduction to investors buying their full entitlement of shares.

Ministers also opened the door for investors to exchange government bonds for shares in newly-privatised companies controlled by the treasury. The bonds, which analysts expect to be immediately retired, would directly reduce the outstanding stock of state debt. The bonds would have to have a minimum five years' maturity.

Other steps approved include independent funding for Consob, Italy's companies and stock market watchdog, which would now "charge" for its services through some form of levy on share trading. The cabinet also gave the go-ahead to the concept of the "golden share" to guarantee a state role in some newly-privatised concerns.

Investors would also be able to choose how their dividends are taxed. The current highly complex system includes a flat-rate 10 per cent withholding tax and the inclusion of dividend receipts in annual income tax returns. Investors would be able to opt for a 30 per cent tax at source.

Paolo Berlusconi faces trial over political funds

By Haig Simonian

MR Paolo Berlusconi, younger brother of Mr Silvio Berlusconi, the Italian media magnate, is to be put on trial on charges of illegal political contributions, according to magistrates in Milan yesterday.

The announcement coincided with the arrest of Mr Umberto Di Capua, the head of the multinational ABB engineering group in Italy.

Mr Paolo Berlusconi is one of 35 businessmen and politicians whom magistrates intend to put on trial in Milan's largest political corruption scandal.

He has been accused with Mr Sergio Roncucci, a senior executive of the Berlusconi family's Fininvest holding company, of paying local Christian Democratic party officials L150m (£71,320) in relation to a contract for a big refuse site.

The arrest of Mr Di Capua is believed to be linked to allegations of illegal payments to local politicians for contracts for the Milan metro's new third underground line. Last June, Mr Ivo Braglia, the head of ABB's transport division, appeared before magistrates for questioning. ABB supplied substations and radio-telecommunications equipment for the multi-billion lire line.

The arrest of Mr Di Capua caused some surprise, as he only joined ABB in September 1991. By that time, the new line, which took over eight years to build, was already partly operational.

The allegations against Mr Paolo Berlusconi are likely to prove highly embarrassing to the Berlusconi family. Although the two Berlusconi brothers divided their business activities last year, with Mr Paolo Berlusconi taking over Fininvest's property businesses, the family's early rise to fortune was built largely on property development.

He said the money involved was a personal political contribution, and therefore not subject to the rules on political donations by companies.

The arrests and investigations are the biggest move by magistrates against prominent businessmen since last year's arrest of Mr Salvatore Ligresti, the property magnate, who spent almost three months under investigation in jail.

Confirmation that inquiries have entered a new phase came with last month's announcement that Mr Bettino Craxi, the Socialist party leader, was also under investigation. This week, magistrates sent formal documentation to the Rome parliament for permission to proceed against Mr Craxi, who has denied all the charges against him.

Bonn agreement on asylum — but not on army

By Quentin Peel in Bonn

THE German government yesterday failed to forge a necessary two-thirds parliamentary majority in favour of changing the country's constitution to allow German soldiers to take part in UN peace-keeping and peace-making operations.

In an often stormy debate, the opposition Social Democrats made it clear that they were not prepared to accept any use of the German Bundeswehr (armed forces) beyond exclusively UN peace-keeping operations.

However, on a separate issue, the SPD agreed to a new formula to change the constitution on the disputed question of limiting the existing liberal law on political asylum, clearing the way for a deal next week.

On the question of military operations, the Social Democrats accused the ruling coalition of seeking to turn the Bundeswehr into "an army of intervention", and of being tempted to indulge in "gunboat diplomacy".

In spite of a strong and direct appeal by Mr Boutros Boutros Ghali, the UN secretary-general, for Germany to play its full role in future UN operations, the opposition said the government was looking for a "blank cheque" to deploy its armed forces anywhere in the world.

The charges were strongly rejected by government speakers. Mr Volker Rühe, the minister of defence, said: "Germany must take on the same responsibility as its neighbours in a new and altered international system."

Mr Klaus Kinkel, the foreign minister, said that a re-united and sovereign Germany "must face up to its responsibility in a changed world, without limitations.

"We want and must in our own interests, and in the interest of the community of nations, recreate the full capacity for action of the German federal republic as a member of the United Nations."

As for the proposal to allow operations in the context of other alliances, such as Nato and the Western European Union, it required that any such involvement of the Bundeswehr be approved by a two-thirds majority in parliament. "Could there be any greater brake on such an action?" he asked.

The opposition was unmoved. Mr Karsten Voigt, the foreign policy spokesman for the SPD, said the proposal "does not bring us one millimetre closer to a parliamentary compromise".

In addition, Mr Walter Kolbow, the defence spokesman, said that the amendment tabled by the government "is moving us in totally the wrong direction".

Swedish central bank sets target for inflation

By Christopher Brown-Humes in Stockholm and James Blitz in London

SWEDEN'S central bank, the Riksbank, said yesterday price stability was its "over-riding objective" as it set an inflation target of 2 per cent a year for the economy from 1995.

This was the first specific policy statement from the bank since Sweden was compelled to float the krona last November. It came a day after the bank intervened in the markets to support the currency for the first time since then.

For 1993 and 1994, the bank is aiming to hold underlying inflation to 2 per cent, although actual inflation will rise to some 5 per cent this year, following the depreciation of the krona and an increase in indirect taxes. "Price increases in excess of 5 per cent cannot be tolerated," said the central bank.

It did not signal any reduction in its key marginal rate, which stands at 10.5 per cent, nor did it suggest any specific exchange rate targets.

The bank has set the inflation target to cover the time that the krona continues to float, but wants a return to a fixed exchange rate when conditions allow.

Yesterday's policy statement had little impact on the krona, which has fallen victim to a new round of currency speculation since the New Year.

The Swedish currency was yesterday trading at around SKr4.45 to the D-Mark in London, little changed from the SKr4.44 level seen on Thursday.

Although the currency has been devalued by some 15 per cent against the D-Mark since its link to the Ecu was broken on November 19, there is speculation the krona may have further to fall.

Mr Keith Edmonds, international economist at NatWest Markets in London, said that the announcement of an official deficit forecast for the 1993/1994 fiscal year of SKr160bn, or 11 per cent of GDP, had raised concerns. "There is a possibility of another edge downwards after the sharp rise in government borrowing," he said.

Serbs face peace plan deadline

By Robert Mauthner, Diplomatic Editor

THE self-styled parliament of the Bosnian Serbs is to meet on January 19 to decide the fate of the constitutional proposals for Bosnia-Hercegovina agreed at the Geneva peace conference this week, official Serb sources said yesterday.

A Serb official in Pale, the rebels' main base in Bosnia, said the meeting would take place there on Tuesday but the venue might still be subject to change.

The European Community has given the Serbs until Tuesday to accept the constitutional principles or face UN punitive action.

Meanwhile, Mr Cyrus Vance has "no plans" to step down from his job as co-chairman of the Geneva peace conference on the former Yugoslavia, Mr Fred Eckhard, his spokesman, said yesterday.

Mr Eckhard, commenting on a British report that Mr Vance was intending to leave, said: "We're working pretty much at fever pitch right now; there is no question of his leaving the conference now."

However, Mr Eckhard made clear that, at some unspecified time in the future, Mr Vance, who is a senior partner in a New York law firm, would like to divide his time more between New York and Geneva in order to continue co-chairing the conference.

A Bosnian Serb soldier rests behind a howitzer during fighting near Gradacac, north Bosnia

Nato troops come under German law

By Quentin Peel

GERMANY and its North Atlantic Treaty allies which have troops stationed in the country yesterday finalised a deal to bring them more directly under German law.

The agreement deal is intended as an important symbolic gesture by the Nato allies to remove any remaining suggestion that the troops are "occupation forces" in a defeated Germany. Although foreign troops have been broadly subject to German law in recent years, this deal tightens loopholes preventing them from operating above the law of the land.

It has been negotiated over the past 16 months, at Germany's request, after Britain, France, the US and the former Soviet Union gave the go-ahead for German unification in the so-called "two-plus-four" agreement.

Some exemptions to German law are still provided for in the agreement, but the basic principle is that it will generally apply to troops stationed in the country, according to officials involved in the talks.

Sensitive areas in the negotiations included protection of the environment, and the application of strict German labour laws to civilian employees of the allied forces.

The German Länder, in particular, have been keen to tighten the rules controlling military exercises in environmentally sensitive areas.

In a separate deal initialled yesterday, Britain, Canada and Germany agreed to terminate the treaty which allows training exercises on the Lüneburg heath near Hanover.

Environmentalists have been campaigning to stop destructive tank training exercises there, and they will now cease from July 31 1994, officials said.

Slow growth curbs price rises in Spain

By Tom Burns in Madrid

SPAIN'S inflation rate fell marginally in 1992 to 5.4 per cent, from 5.5 per cent in 1991.

This was a considerable improvement on government forecasts early last year of 6.4 per cent rise in the consumer price index by December.

Underlying inflation, which excludes the volatile energy and non-processed food prices, rose by just 0.2 percentage points last month, the lowest monthly rise of 1992, to give a rate for the year of 6.9 per cent.

The figures, published yesterday by the government's statistics institute, reflected the depressed state of the domestic economy. Independent economists estimate zero growth in the last quarter of last year and growth of about 1 per cent overall in 1992.

Mr Jose Luis Feito, chief analyst of the Madrid securities firm of Asesosores Bursatiles, said the downward trend in prices would continue in coming months. There was unlikely to be any meaningful easing of interest rates soon.

Lower inflation appears likely following a recommendation by the employers' federation to hold salary increases this year below 3 per cent. The government has already taken the lead on wage moderation by fixing the increase of the minimum wage at just 4 per cent, the lowest annual increase for a decade, and in effect freezing wage increases in the public sector.

The government's employment agency meanwhile reported that the number of registered job seekers rose last month to 2.36m, up by 31,000 on December 1991.

Serbian journalists dismissed in 'purge'

OVER 1,500 journalists and staff have been sacked from Serbian radio and TV in what the independent Serbian TV union condemned as a political purge following the victory of extremist nationalist forces in last month's Serbian elections, writes Anthony Robinson.

"We are angered that the victorious party, personified in Milorad Vucelic, the head of Serbian radio and TV, has declared open warfare against its political opponents in the media before it has even resumed power," the union said.

"The expulsions will be just a prelude to a country-wide persecution unless the people behind the purge are stopped," added a statement by the opposition Serbian Renaissance Movement. "Lists of desireable and undesirable citizens have been compiled in all enterprises and institutions."

Boeing wins big order for all-cargo 767s

By Paul Betts, Aerospace Correspondent

BOEING yesterday launched a programme to build an all-cargo version of its 767 twin engine wide-body aircraft after winning a $5bn (£3.20bn) order for 60 all-cargo 767s from United Parcel Service (UPS).

The Atlanta-based package delivery company has placed firm orders for 30 new 767 cargo aircraft and taken options on a further 30.

Boeing said it was the largest order for all-cargo aircraft it had ever received. It also comes at a time when Boeing, like other manufacturers, is coming under pressure from financially pressed airline customers to defer or cancel new orders.

Detailed design engineering on the new cargo aircraft, based on the Boeing 767-300 extended range airframe, will begin immediately, with production starting in the second quarter of next year, Boeing said.

The first 767 freighter will roll out of production and enter flight testing in the second quarter of 1995 with delivery to UPS in October 1995.

Boeing said two Japanese suppliers, Kawasaki Heavy Industries and Mitsubishi Heavy Industries, will provide large portions of the fuselage.

The new cargo aircraft will be capable of carrying 56 tons of cargo over a range of 3000 nautical miles or 45 tons as far as 4000 nautical miles.

UPS has not selected the engines for the aircraft.

Polish industries perform strongly

By Christopher Bobinski in Warsaw

POLAND'S state-owned industries have reacted much better than expected to the tough market-oriented policies introduced three years ago. Their performance strengthens hopes for resuming solidly-based economic growth, a World Bank study concludes.

The study, which examines the experiences of 75 of the country's 8,000 state-owned companies, says "success stories are emerging and the state sector is far from a write-off". The paper adds that "good and bad performers are emerging in all sectors", indicating Poland's potential to build up a "diversified manufacturing base".

The study comes against the background of a 3.5 per cent rise in industrial sales in 1992 and a slowdown in the rate of increase in unemployment, announced yesterday by the government statistical office. Inflation also declined last year to 43 per cent, from 60.4 per cent in 1991. The rise in industrial sales reverses three years of steep decline.

Evidence that state-owned as well as private enterprises are contributing to the turnaround indicates that "recovery has a solid micro-economic foundation and will therefore be sustained", the World Bank team headed by Mr Brian Pinto said.

It recommends that privatisation decisions should be decentralised and management buyouts should be favoured.

Russia promises Ukraine: no nuclear attack

By John Lloyd in Moscow

THE leaders of Russia and Ukraine last night announced tentative agreements on two of the most pressing issues dividing the two Slav states – though large differences remain, particularly on repayment of the foreign debt.

Mr Boris Yeltsin, the Russian leader, said last night that Russia was prepared to give neighbouring Ukraine a guarantee against nuclear attack, in return for ratification by the Ukrainian parliament of the Start 1 treaty and return of its strategic nuclear missiles to Russia.

Mr Leonid Kravchuk, the Ukrainian president, said that the guarantee would help him persuade the country's parliament to ratify Start 1 – necessary if the treaty, signed between the US and the Soviet Union in July 1991, is to be implemented and Start 2, signed by Russia and the US early this month, is to proceed.

Mr Yeltsin also said that Russia would provide up to 5m more tonnes of oil above the 15m tonne limit it set for supplies to Ukraine this year in earlier talks. Ukraine, now desperately short of oil supplies for its refineries, had requested 45m tonnes – but Mr Yeltsin said that because of an expected drop in Russian oil production to under 400m tonnes in 1993, "unfortunately we cannot satisfy Ukraine's needs."

At the same time, confusion surrounds both the level of supplies and the method of payment for them. Mr Andrei Nechayev, the economics minister, was quoted by the news agency Interfax after talks with Mr Leonid Kuchma, the Ukrainian premier, on Thursday, as saying that only 11m tonnes of oil would go to Ukraine this year, and that it would be paid for by supplies of food and industrial goods, with both the Russian oil and Ukrainian products denominated in hard currency.

Boris Yeltsin (left) and Leonid Kravchuk: hope for Start 1 and Start 2 treaties

Russia had announced its intention to move to world prices for its oil sold to the other 14 former Soviet states – but has only implemented the intention in the case of the three Baltic republics. Mr Vladimir Shumeiko, the first deputy premier, said yesterday that because of the close links between Russian and other states' industries and economies, "a standard approach of charging world prices should not be expected."

The nuclear guarantee, however, is a move for which Ukraine has lobbied in the past few months, and may stimulate similar guarantees from the other main nuclear powers, the US, Britain and France. Mr Borys Tarasiuk, the Ukrainian deputy foreign minister, has raised the issue of all-round nuclear guarantees in the event of Ukraine giving up the 176 missiles on its territory, and received encouragement from the western allies.

Start 1 has still to be ratified by Ukraine and by Belarus, but has been ratified by Kazakhstan, the fourth of the former Soviet states to possess nuclear weapons after the break-up of the USSR.

Talks will continue over the weekend on the repayment of the former Soviet debt of $80bn (£52.6bn). Ukraine has insisted on separate repayment of its 16.34 per cent of the debt in return for a share of the overseas assets, a deal the overseas creditors in the London and Paris Clubs have so far rejected.

Mr Jean-Claude Trichet, chairman of the Paris Club, and Mr Christian Vontz, a Deutsche Bank director who chairs the London Club's Paris group, arrived in Moscow yesterday to conduct talks on the debt with Russian and Ukrainian ministers. An agreement between them is essential for rescheduling the debt and for the release of more loans to the former Soviet states.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1: Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1993.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

US inflation rate bonus for Clinton

By Michael Prowse in Washington

THE Clinton administration will inherit the best inflation outlook for a generation, according to figures released yesterday.

Data on production and exports, however, confirm that the pace of recovery from recession is likely to remain subdued by the standards of previous upturns.

The Labour Department said consumer prices rose 0.1 per cent last month and by 2.9 per cent in the year to December. With the exception of a temporary dip in inflation below 2 per cent in 1986, reflecting the halving of oil prices that year, this was the lowest annual increase since the mid-1960s.

The fall in inflation from an underlying rate of about 5 per cent in the late 1980s reflects a long period of economic stagnation and the conservative monetary policies of the Federal Reserve, the US central bank, which lowered interest rates only gradually during the recession.

Some analysts, however, fear that if the recovery gains momentum, inflationary pressures will re-emerge later this year or in 1994.

The outlook for production remains modestly encouraging. The Fed yesterday reported a 0.3 per cent rise in industrial output last month, taking the annual increase to 2.9 per cent. This followed a 0.4 per cent rise in November and a revised increase of 0.7 per cent in October.

The improvement was uneven, with much of last month's gain reflecting a 5 per cent surge in the output of motor vehicles and parts. Production of information processing and industrial equipment was also strong.

However, excluding cars, overall output of consumer goods was flat last month. The rate of capacity utilisation in industry inched higher to 79.3 per cent against 79.2 per cent in November.

Separately the Commerce Department reported an increase in the merchandise trade deficit to $7.6bn in November against $7.2bn in October. This reflected a 3.8 per cent decline in exports which was only partially offset by a smaller percentage decline in imports.

The trade deficit deteriorated sharply in the second half of last year as the US domestic recovery coincided with a downturn in many overseas markets, including Europe and Japan.

The deficit for the first 11 months of last year was $75.5bn against $59.2bn in the same period of 1991. Most analysts are projecting a further deterioration this year as higher demand in an expanding US economy sucks in more imports.

NEWS IN BRIEF

Brazilian inflation rate hits 1,149%

BRAZILIAN inflation reached 1,149 per cent last year, according to official figures released yesterday by the Federal Statistics Institute, writes Christina Lamb in Rio de Janeiro. By far the highest rate in Latin America, this is well up on the 475 per cent of the previous year, though lower than 1989 and 1990 when it reached 1,864 and 1,585 per cent respectively.

Economists see little reason to hope for a decline soon. The official consumer price index has been rising by more than 20 per cent a month for the last 14 months and Mr Carlos Antonio Luque, president of the Order of Economists of Sao Paulo, predicts inflation of 27 per cent for this month - up on 25.1 per cent for December.

Swiss join telecom partnership

Swiss PTT Telecom is to become a full equity partner in a recently-established joint venture between PTT Telecom of the Netherlands and Televerket of Sweden which provides data transmission services to European-based multinational companies, writes Ronald van de Krol in Amsterdam.

The Swiss will own a third of Unisource, the joint venture company, as will PTT Telecom and Televerket, which launched the company as a 50/50 partnership in June.

By joining forces in Unisource, the three national telecommunication companies aim to compete as equals with Eunetcom, a joint venture between Germany's Deutsche Bundespost Telecom and France Telecom, as well as with British Telecom's Syncordia operation. In June, Unisource signed up Sprint, the US telecommunications carrier, to provide global links outside Europe for its customers. Unisource is also looking for a carrier partner in south-east Asia.

Tobacco advertising ban upheld

The Quebec Court of Appeal, in a test case, has upheld a federal government ban on tobacco advertising, ruling that it does not violate freedom of expression under the constitution, writes Robert Gibbens in Montreal.

A lower court had found the ban unconstitutional and the federal government had appealed. The tobacco industry, which has complied with the federal ban since 1989, said it would almost certainly take the case to the Supreme Court of Canada. The three major tobacco producers seeking a final ruling on the ban are led by Imasco, the Canadian arm of BAT Industries.

Somalia warlords sign pact

Somalia's feuding factions signed a pact yesterday to disarm their unruly militias and end the fighting which led to the deaths by starvation of more than 300,000 people, Reuter reports from Addis Ababa.

The country's rival warlords, Ali Mahdi Mohamed and Mohamed Farah Aideed, signed the agreement with their allies after more than a week of talks.

But few Western diplomats, UN officials or Somalis believe that Somali militias or freelance gunmen will easily surrender the weapons which give them power.

Aideed brought the talks to the brink of collapse several times by refusing to attend a national reconciliation conference in March on an equal footing with his rivals. He wants a special status to reflect the major role his militias played in ousting Siad Barre in January 1991, the event that turned an impoverished nation into a patchwork of clan fiefdoms as the warlords battled to succeed him.

Eleven rival factions, aligned with Ali Mahdi, agreed this week to sign the ceasefire and pledge to disarm their militias. But adoption of the pact was held up by haggling over who should attend the March talks.

The issue was passed to a committee to make recommendations to the UN organisers of the March talks, which are supposed to set up a transitional government, the first national authority Somalia will have had since Siad Barre's overthrow.

Powerful earthquake rocks Japan

A powerful earthquake measuring 7.5 on the Richter scale rocked northern Japan yesterday, injuring at least 95 people but apparently causing only minor damage, authorities said, Reuter reports from Tokyo. The tremor, the strongest to hit Japan for almost 11 years, was felt across the country from the Pacific coast to the Sea of Japan, the national meteorological agency said.

GE wins $40m Indonesian order

General Electric of the US has won a $40m order to supply two gas turbine-generators and a steam turbine-generator for Indonesia's first privately-owned, developed and operated power station, writes Andrew Baxter. The client is Singapore-based IPCO Constructors, which will install the equipment and build the plant. Indonesia-based Cikarang Listrindo is the owner and developer of the project, which will produce more than 100MW of power for an industrial complex near Jakarta.

Senators give new cabinet easy ride

By George Graham in Washington

IF President-elect Bill Clinton is having trouble filling the jobs in his administration, the blame cannot be laid at the door of the Senate, which has so far offered a smooth ride to his cabinet nominees in their confirmation hearings.

A few have faced mild interrogation on past peccadilloes – Ms Zoe Baird, designated to be Attorney General, has become a symbol of a generation of yuppies for hiring an illegal alien as a nanny – but on policy issues, the Republicans have so far not lived up to their threats of stiff scrutiny.

Beside Mr Warren Christopher, who as Secretary of State-designate underwent two days of intellectual duelling with Senator Jesse Helms, the senior Republican on the foreign relations committee, only Ms Donna Shalala has encountered anything resembling tough questioning – and that has come mostly from the Democrats.

In hearings this week Ms Shalala, who has been chosen to head the Department of Health and Human Services, was criticised for focusing her statement almost entirely on health care reform, largely ignoring welfare reform, which has been a central concern for some Democrats.

Senator Daniel Patrick Moynihan, chairman of the Senate finance committee, said he was distressed by "the clatter of campaign promises being tossed out the window," and Senator Jay Rockefeller, another Democrat who has taken the lead on health and social issues, said he heard rumours that, for strategic and political reasons, "welfare reform is going to be put on a back burner."

But the Senate can certainly not be accused of holding Mr Clinton up in the task of building his administration. Many committees have already voted for confirmation of the cabinet members who have come before them, even though Mr Clinton cannot actually nominate them until he is inaugurated next Wednesday. Most cabinet secretaries are expected to be formally confirmed on Wednesday or Thursday.

Fighting rages in Angola

ANGOLAN government forces pounded the Unita rebel headquarters at Huambo with artillery again yesterday as prospects for early peace talks to halt renewed civil war grew slimmer, Reuter reports from Luanda.

Diplomats said last-minute conditions presented by Unita threw into question a meeting between the rival military chiefs in Addis Ababa initially planned for the weekend or early next week.

Ms Margaret Anstee, UN special representative, was working to ensure government chief of staff General Joao de Matos and Unita General Demostenes Chilingutila met, they said.

Government troops yesterday pressed on with their week-long assault on Huambo, Angola's second city and Unita's headquarters in the central highlands, with intense shelling by artillery and tanks.

The battle for Huambo is the centrepiece of the struggle for power between the two sides, whose 16-year civil war was supposed to have ended with a peace accord signed in May 1991.

The Addis Ababa contact would have been the first high-level meeting since the new spate of warfare.

Indian prime minister Mr Narasimha Rao (right) visits a Bombay hospital yesterday to meet victims of community violence

Rao pledges financial help to victims of violence in Bombay

By Stefan Wagstyl in New Delhi and R C Murthy in Bombay

MR P V NARASIMHA RAO, the Indian prime minister, yesterday made a flying visit to strife-torn Bombay and pledged financial help for the victims of the city's violence.

The mission was a belated attempt to answer criticisms that the central government has done little to quell the violence, which, according to hospital estimates, has claimed 600 lives in Bombay alone and caused widespread damage.

Over 50,000 have fled the city. Police and troops have restored order to most districts, but there were reports of further violence, including at least two deaths, yesterday as the premier toured the city under heavy guard.

Businessmen were counting the cost following the second spate of violence since Hindu militants tore down a mosque in the northern town of Ayodhya six week ago. The demolition unleashed a nationwide wave of inter-religious violence.

Many businesses were still shut yesterday for the 10th day in succession, while others closed early to allow workers to reach home before dark.

The Indian Merchants Chamber, a trade group, estimated lost production in Bombay this month at Rs13.5bn (£5.9bn). Mr KRV Subramaniam, a former president of Bombay Chamber of Commerce, said it would take six months for output to return to normal. The whole economy will suffer since Bombay is the commercial capital and accounts for 35 per cent of the nation's exports.

Moslems have been the chief victims of the violence – singled out for attack by Shiv Sena, a Bombay-based right wing Hindu political party with close links to the Bharatiya Janata Party, the main national opposition party.

Shiv Sena has openly boasted of "teaching Moslems a lesson." The violence has been aggravated by criminals taking advantage of the turmoil for looting, extortion and grabbing land by driving Moslems out of their homes. Moslems also claim the police have often stood aside giving Hindu mobs free reign.

Commission warns Japan over trade imbalance

By Andrew Hill in Brussels

THE European Commission yesterday warned Japanese ministers that political co-operation between the EC and Japan would be undermined by a failure to improve the two partners' bilateral trade imbalance.

The Japanese responded by suggesting Community businesses should try harder to penetrate the Japanese market.

Mr Hans van den Broek, the new commissioner for external relations, and Sir Leon Brittan, who has taken over the trade portfolio, led a team of commissioners meeting five senior Japanese ministers in Brussels.

The meeting was the culmination of two days of talks on political and economic relations, at which Mr Michio Watanabe, the Japanese foreign minister, and his colleagues promised to implement measures aimed at encouraging EC exports and investment in Japan.

Japan has been eager to develop its political relations with the EC since signing a joint co-operation declaration in 1991. But tension between the two blocs has been exacerbated by Japan's growing surplus on trade with the Community, which rose more than 17 per cent in the first 11 months of 1992 to $29.2bn (£19.2bn).

The Commission claimed yesterday that Japan and the EC had taken the first step towards systematic analysis of the trade surplus, by arranging a meeting of experts to discuss the figures before April. Brussels believes regular monitoring of the statistics will enable both sides to spot areas where EC exports appear to be hampered. But Mr Seiji Morimoto, spokesman for Mr Watanabe, said that although there was general agreement on the principle of such monitoring, the details had to be worked out. He said Japan believed regular analysis would demonstrate that the trade surplus was often distorted by currency fluctuation and price changes.

The two sides also touched on the sensitive issue of Japanese car exports to the EC. Publicly, both the Commission and the Japanese claimed to be happy with the memorandum of understanding signed in 1991, under which Japan "monitors" its exports to the Community. But a row is already brewing about the likely increase in Japanese exports during 1993, when the EC car market is expected to shrink.

US-EC tariff talks grind to halt

By Frances Williams in Geneva

TALKS between the US and the European Community on lowering tariffs for industrial goods have ground to a halt, and no further negotiations are planned before next Tuesday's meeting of senior trade diplomats in the Uruguay round of trade liberalisation talks.

Earlier this month, the two sides agreed to work for a tariff deal by January 15 that could pave the way for an early overall Uruguay round accord. But "the ingredients for a deal aren't there", an EC official said yesterday.

The future of the six-year-old round, already more than two years behind schedule, now depends on the attitude of the Clinton administration, which takes over on January 20. Trade officials in Geneva say that, until a new trade team is up and running in Washington, the negotiations cannot move forward on any of the important issues outstanding.

Both sides are blaming each other for the lack of progress in the tariff talks which foundered on the trade-off between cuts in high US duties on textiles and the reduction or elimination of EC tariffs in a broad range of sectors including non-ferrous metals, wood and electronics.

Community officials said yesterday the US had still not made a detailed offer on textiles. American negotiators say the EC tariff offer contains "very significant gaps in coverage".

Despite the stand-off over tariffs, negotiators in the 108-nation round yesterday continued to try to whittle down obstacles to a Uruguay round agreement on fair trade rules before Tuesday's meeting.

Officials said several ad hoc technical groups had been set up on specific areas of disagreement. These include changes to the draft rules package being pressed by the US concerning environmental and consumer standards for food and other products, and stronger protection for pharmaceutical patents and the US entertainment industry.

Inflation at 23 year low in Israel

By Judy Maltz in Jerusalem

ISRAEL achieved single-digit inflation for the first time in 23 years in 1992, the Central Bureau of Statistics reported yesterday.

The Consumer Price Index rose 9.4 per cent last year, down from 18 per cent in 1991. The key factors behind the sharp drop were a significant slowdown in housing price increases, due to sluggish demand in the market, and relatively low wage increases in most sectors owing to high unemployment.

Since 1985, when the government implemented an emergency economic stabilisation programme to combat hyperinflation, the annual increase in the CPI had stabilised at around 18 per cent.

The inflation figure was welcomed by treasury and central bank officials, who said it had not interfered with the country's other main economic target of higher growth. Israel's GNP rose by over 6 per cent in 1992, according to preliminary forecasts.

Mr Dov Lautman, President of the Israel Manufacturers' Association, hinted that the government should take advantage of low inflation to allow a further devaluation of the shekel, to improve export profitability."It's now possible to exploit this situation of single-digit inflation, combined with high unemployment, to initiate a more energetic policy of growth without fearing a resurgence of inflation."

Housing prices rose only 5.4 per cent last year. The reason for the sharp drop was the slowdown in the number of immigrants arriving in the country from the former Soviet Union.

Social Democrats head for power in Denmark

By Hilary Barnes in Copenhagen

THE political crisis caused by Prime Minister Poul Schlüter's resignation seems likely to lead to the formation of a minority Social Democratic Party government. Yesterday Mr Poul Nyrup Rasmussen, the SDP leader, was asked by Queen Margrethe to lead negotiations between the Folketing's eight parties on forming a new government.

Mr Rasmussen was recommended by the SDP, the left-wing Socialist People's Party and the centrist Radical Liberal Party, who have a narrow majority in the Folketing.

The financial markets reacted positively to the prospect of a change of regime after 10 years of non-socialist governments led by Mr Schlüter. The Krone strengthened and bond prices firmed.

Miss Anne Jensen, chief economist at Unibank, said the reaction reflected market expectations that an SDP government would be better able to mobilise a majority for a Yes vote on the Maastricht treaty in the second referendum which Denmark will hold later this year, probably in May.

Mr Schlüter, who was severely criticised for misleading the Folketing over the Tamil visa scandal by a judicial inquiry on Thursday, formally handed his resignation to Queen Margrethe yesterday.

He remains in office until a new government is formed. Mr Rasmussen will be asked by the Queen to form a government when he can show he has sufficient support in parliament.

If the inter-party negotiations reach an impasse, an election would have to be held. The 49-year-old SDP leader, who was once chief economist to the Confederation of Danish Trade Unions, faces tough negotiations, which may take several days.

The Radical Liberals, whose seven members of the Folketing hold the swing position between the socialist and non-socialist parties, have said they will support an SDP government provided it promises to carry out labour market and tax reforms.

Since 1982 the Radicals have supported Mr Schlüter, but for several months have flirted with the idea of a change of government.

The Radicals want changes to the country's exceptionally generous unemployment benefits and other reforms to make the labour market more flexible in order to help bring down the 11 per cent unemployment rate.

They also want lower marginal income taxes. Neither the labour market reforms, strongly opposed in by trade unions, nor the tax reform proposals are liked by the SDP.

Mr Ivar Noergaard, chairman of the Folketing's influential European market affairs committee, yesterday dismissed as exaggerated the concern expressed abroad that the Danish presidency of the European Council would be seriously affected by the political crisis.

Denmark's European policies are thrashed out in detail in the all-party market affairs committee. For this reason "it does not signify very much which party is actually the government party," he said, although new ministers would naturally need time to master the details of their brief. A change of government, he added, would not mean any changes in the senior civil service personnel who handle European questions.

Holland acts to promote use of electric vehicles

Companies get tax breaks for adopting electric-powered cars

By Ronald van de Krol in Amsterdam and Kevin Done in London

THE Dutch government is to give companies tax incentives to encourage them to buy electric vehicles.

Dutch businesses which invest in electric-powered company cars are to be allowed accelerated depreciation of the vehicles under a new scheme designed to promote the use of electric cars.

The pressures on the car industry to accelerate the development of electric vehicles are intensifying. Toyota and Nissan, the two leading Japanese car makers are joining forces to develop an electric car, according to Japanese newspaper reports yesterday.

The newspaper Mainichi Shimbun said that Toyota and Nissan had begun talks on the development of common electric vehicle components. Japan's ministry of international trade and industry has set a target of having about 200,000 domestic electric cars in use by the year 2000.

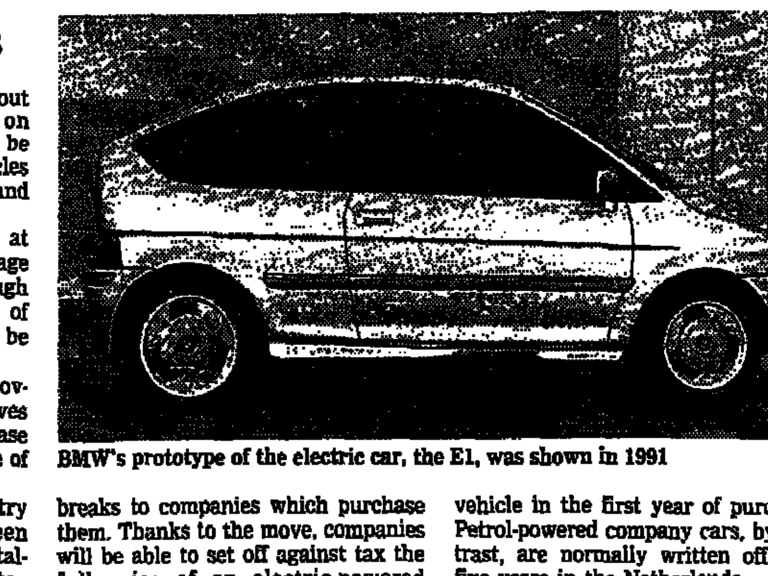
Last month the big three US car makers, General Motors, Ford and Chrysler, announced that they planned to co-operate more closely in the development of electric vehicles.

The three companies have signed an agreement to investigate co-operation in the design, development, testing and possible manufacturing of electric vehicle components which would ultimately be used in each company's own vehicles.

Two years ago the US car makers also formed a consortium to carry out research and development on advanced batteries that would be capable of providing electric vehicles with significantly increased range and performance.

The state of California has been at the forefront of seeking to encourage the use of electric vehicles through regulation – by 1998, 2 per cent of cars sold in California are to be so-called zero emissions vehicles.

Yesterday's move by the Dutch government is one of the first inititaives in Europe to encourage the purchase of electric vehicles through the use of tax incentives.



BMW's prototype of the electric car, the E1, was shown in 1991

The Dutch environment ministry said that electric cars have been placed on a list of 400 environmentally-friendly products that provide tax breaks to companies which purchase them. Thanks to the move, companies will be able to set off against tax the full price of an electric-powered vehicle in the first year of purchase. Petrol-powered company cars, by contrast, are normally written off over five years in the Netherlands.

Press body lay members angered by Calcutt

By Raymond Snoddy

LAY MEMBERS of the Press Complaints Commission yesterday expressed outrage that their independence had apparently been called into question by Sir David Calcutt's review of self-regulation of the press.

The Calcutt report described the commission as "the creature of the newspaper industry", and said that it could not fairly hold the balance between the individual and the press.

Lady Elizabeth Cavendish, former chairman of the Inner London Juvenile Courts and a founding member of the commission, said yesterday: "I think it is highly offensive to suggest we are a creature of the newspaper industry. This is the most independent body in the country."

Lady Cavendish said she could not remember a single occasion when commission members had been split along newspaper industry-lay member lines.

Lord Colnbrook, formerly Mr Humphrey Atkins, a former Conservative minister, said: "All the lay members of the PCC are totally independent. I'm retired now and I don't give a damn about what the press think of me."

He said he believed that Sir David's assessment that the commission and self-regulation had not worked had been "strongly coloured by the fact the government didn't carry out all the things he recommended".

Lord Colnbrook said Sir David had not been to see the commission at work. Lay members say Sir David had lunch with them, but did not ask questions about how they approached their task and declined an invitation to stay to watch an adjudication session.

The lay members are outnumbered by those with newspaper connections on the commission. They include Dame Mary Donaldson, a former Lord Mayor of London, Professor Lesley Rees, dean of Saint Bartholomew's Hospital Medical College in London, and Professor Robert Pinker, professor of social work studies at the London School of Economics.

Sir David Chipp, a former editor-in-chief of the Press Association, said yesterday that he was "very cross indeed" about any questioning of his independence.

Meanwhile, lawyers were starting to highlight the practical difficulties of implementing privacy measures, particularly restraining publication, throughout the UK.

"There is a perennial difficulty in getting injunctions enforceable throughout the UK," said Mr Michael Smith, a media specialist and partner at law firm Clifford Chance.

The Calcutt proposals are aimed at least initially only at England and Wales. Northern Ireland is not mentioned.

"A prominent figure could be 'doorstepped' unlawfully in London but 'doorstepped' in exactly the the same way in Belfast perfectly legally," Mr Smith said.

'Special pleading' dismissed

By Philip Stephens, Political Editor

THE STORM of press criticism that greeted the Calcutt report on press regulation was dismissed by the government yesterday as "special pleading" as ministers underlined their determination to curb invasions of individual privacy.

Senior ministers said the unanimous criticism by newspaper editors of the report prepared for the government by Sir David Calcutt QC had seriously underestimated the mood at Westminster.

Members of the cabinet known to take a liberal approach to the issue of press freedom joined more instinctively hostile colleagues in insisting that the government was determined to criminalise "intrusive" behaviour by newspapers.

In spite of their rejection of Sir David's suggestion of a statutory press tribunal to replace the Press Complaints Commission, the ministers added that they were determined that voluntary regulation should be given "teeth" by making the commission more independent of the newspaper industry.

The government signalled earlier this week that it would legislate against the use of trespass, bugging devices and other electronic equipment to intrude on individual privacy.

The strength of feeling within the cabinet against the press, however, suggests that the promised "public interest" defence which newspapers could offer in cases of prominent public figures might be narrowly drawn.

Mr John Major, the prime minister, is keen to emphasise the government's preoccupation with protecting the privacy of ordinary people. But ministers privately are citing the cases of the Royal family, the resignation of Mr David Mellor, the former national heritage secretary, and attacks on Mr Norman Lamont, the chancellor, as ones in which press coverage has gone too far.

Mr Major, who remarked recently that journalists were no longer interested in whether reports were true but rather whether they would "stand up", is pressing also for the new civil offence of invasion of privacy suggested by Calcutt.

Ministers acknowledge, however, that without an expensive commitment to extend legal aid such a law could be exploited only by the affluent.

Wembley venue for BCCI meeting

THE LIQUIDATORS of the Bank of Credit and Commerce International were given High Court approval yesterday to hold a creditors' meeting in London, Richard Donkin writes.

Touche Ross expects about 5,000 creditors to attend the meeting at Wembley Arena on May 27. It is being held for creditors of BCCI SA, the Luxembourg-registered arm of the bank which ran all of BCCI's UK branches.

Some 140,000 creditors worldwide are potentially eligible to attend. So far Touche Ross has received 29,000 proof of debt forms from BCCI SA depositors worldwide. Of those, 5,000 have been returned from UK-based BCCI depositors who had accounts in British branches of the bank.

Cable TV growth 'will be 60%'

CABLE television will grow by more than 60 per cent this year, the Cable Television Association predicted yesterday.

Mr Richard Woollam, director-general of the CTA, forecast that at least 800,000 further homes would have access to cable networks and that there would be 300,000 new subscribers. He was speaking at a NatWest conference on cable communications in the City.

The latest cable subscription figures announced by Mr Woollam showed there were 434,458 subscribers to modern multi-channel cable on January 1.

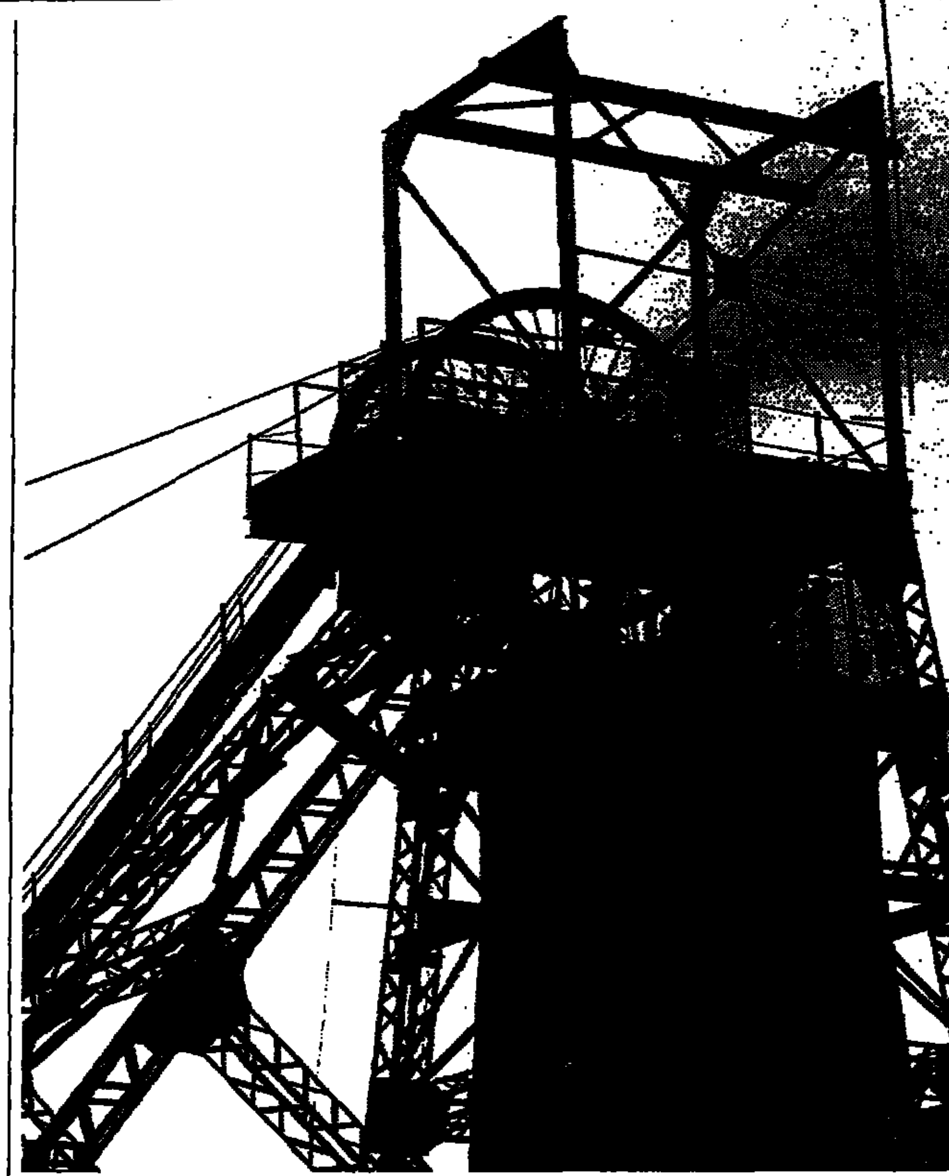
BR board faces court case

BRITISH Railways Board is being prosecuted by the Health and Safety Executive over a rail accident near Leeds last summer in which 25 people were injured. The case is due to be heard on Monday morning before Leeds magistrates.

The new prosecution follows an investigation by the HSE's railway inspectorate into the Leeds crash, when a train from London's Kings Cross was diverted into the path of another train during emergency signalling procedures.

Steel decision

A MEETING of workers at Cleveland Iron decided yesterday against industrial action in response to the Teesside plant's closure, announced earlier this week by British Steel. The 200 men instructed Iron and Steel Trades Confederation officials to urge British Steel to avoid compulsory redundancies by seeking volunteers.



Ashley Ashwood

Shaft of light: the Commons trade and industry committee may yet oppose closure of the 10 pits

BA woos fliers with cocoa and pyjamas

By Daniel Green

BRITISH AIRWAYS is to offer first-class passengers navy blue pyjamas, a duvet and a hot milky drink on some overnight flights from next week.

Passengers from New York's Kennedy airport will also be fed while still on the ground so they can sleep on the aircraft without interruption.

BA's move may signal the stepping up of the airline's efforts to woo top-paying passengers. BA's rival, Virgin Atlantic, to which it apologised earlier this week in the High Court over the "dirty tricks" affair, has an in-flight beauty therapist on some flights to Los Angeles.

BA's "sleeper trials" are the result of customer research which showed that what passengers wanted above all was a long sleep. "And they want a nice milky drink, crisp sheets and a proper-sized pillow," said the airline.

If the trial succeeds the airline will from April extend the service to many flights of less than nine hours which fly east after 7pm, though only passengers from JFK or Heathrow will be able to enjoy the pre-flight meal.

BA's "sleeper trials" recall the 1950s, when passengers could sleep in bunks on the Boeing Stratocruiser, a propeller aircraft derived from the B-29 bomber and notorious for its noise and vibration.

Since then, sleeping on aircraft has remained a trial, even in first class.

Only Philippine Airlines still offers bunk beds to first class passengers: on Tuesday flights from London to Manila and more often on trans-Pacific routes.

Japan Airlines gave up offering bunks on flights to Europe when the increasing range of modern aircraft allowed it to fly non-stop between Tokyo and Europe. Its inducements now include dressing first-class passengers in colourful quilted "happi coats" and the use of a personal massage machine.

Lufthansa is studying the possibility of including bunks for passengers in the latest Airbus A340, which can fly 15 hours non-stop, but immediate plans mean that only crew will be able to use them.

CBI calls for tax exemption on redundancy counselling

By David Goodhart, Labour Editor

EMPLOYEES who are made redundant should be exempt from tax on the cost of counselling provided by their employers, the Confederation of British Industry said yesterday.

The recommendation, in the CBI's proposals to the government about the Budget, is directed at managers and higher paid workers whose redundancy packages exceed £30,000, the point at which tax begins to bite on such packages.

Mr Howard Davies, the CBI director-general, says that the effect of the tax is to make it more likely that employees decline the offer of outplacement counselling – advice on obtaining a new job.

"That is to their disadvantage because those who receive the counselling usually find new employment more quickly than those who do not," said Mr Davies.

"It is also to the disadvantage of the economy as a whole not to have these employees back in jobs as quickly as possible," he added.

The CBI's suggestion is one of 40 contained in its tax proposals sent to Mr Norman Lamont, the chancellor.

Others include a proposal to allow the costs of "green" measures to be tax deductible; proper recognition for tax purposes of the gains and losses from foreign exchange transactions; and harmonisation between the treatment of incidental costs arising from the raising of equity finance, which are not allowable against tax, and those from raising loan capital, which are allowable.

Openness on drugs backed

By Ralph Atkins

THE government yesterday indicated support in principle for a Labour MP's bill to increase information on the safety of medicines – but its qualified endorsement means the proposals are unlikely to become law.

Mr Tom Sackville, junior health minister, backed more openness in the drugs industry but said there were parts of the bill with which the government would have difficulties.

Much information supplied by pharmaceutical companies to drug licencesing authorities was highly sensitive commercially, he said.

Mr Giles Radice, Labour MP for Durham North, said his Medicines Information Bill would give patients more information about the risks and benefits of drugs.

However, Mr Richard Alexander, Conservative MP for Newark, warned that it could have a "devastating" effect on the pharmaceutical industry, which strongly opposes the measures.

The bill was given a second reading in the Commons but will almost certainly require a more positive government stance to become law. It is backed by the Consumers' Association and the Campaign for Freedom of Information.

At present, section 118 of the 1968 Medicines Act makes it a criminal offence for officials to disclose information about the safety of medicines supplied by pharmaceutical manufacturers to licensing authorities.

Mr Radice regards the bill as a test of the government's commitment to reducing secrecy. It seeks to overcome fears about the confidentiality of information by restricting access to those who have no links with the pharmaceutical industry.

Pit jobs safe until spring

By Michael Smith

MINERS at the 10 pits earmarked by British Coal for early closure seem assured of jobs until at least well into the spring after the government yesterday gave consultants until the middle of March to report on the mines' viability.

The likelihood is that there will be several weeks, or months, of debate even after the report is completed. Unions have already said that they do not accept consultants John T. Boyd as the independent scrutineer called for by High Court judges last month. The March 15 deadline set yesterday by Mr Michael Heseltine, trade and industry secretary, may slip further. He acknowledged this in the terms of reference which say that he may agree to a later date.

Before the High Court decision, British Coal had planned to make the miners redundant on January 29. The corporation said yesterday that no decisions would be taken on the pits' future until all consultations were complete. This means that it will go on paying the miners their basic pay.

Betws, in south Wales, yesterday became the last of the 10 to cease production with representatives of the 90 miners there saying they had figures showing it was heading for a £1m profit this year.

Perhaps the best hope for the 10 pits will be if the Commons trade and industry committee recommends saving them when it reports this month. Members of the committee will today receive ideas from Mr Richard Caborn, the Labour chairman. However Dr Keith Hampson, a Conservative member, said he thought about half the 31 pits initially suggested for closure could be saved.

London's RiverBus will run this weekend after management had almost raised the £1.82m needed to keep operating this year

Cuts may cost 33,000 jobs, council chiefs fear

By Andrew Adonis

MORE THAN 33,000 jobs will be lost in local government in England over the next year, mostly due to government spending curbs, according to a survey of council chief executives published yesterday.

But those figures could be greatly exaggerated, on the basis of another study released yesterday finding that the number of job losses in local government last year was far lower than that expected before final budgets for 1992-93 were agreed in March.

A Local Government Chronicle survey of 140 councils, employing 1.3m of the 1.6m staff in English councils, found chief executives estimating that at least 33,000 jobs will be lost between now and April 1994, with 13,000 occurring within the next three months.

"Other councils contacted said there would be job losses but they had yet to calculate them – making the LGC figure an absolute minimum," it said.

The 140 councils surveyed said that they would need an extra £1.23bn from the government to maintain existing staffing and service levels, in addition to the £21bn of government support already pledged for 1993-94.

When this year's grant settlement was announced, Mr Michael Howard, the environment secretary, said that it would "enable councils to maintain existing service provision", with "no need for job losses".

However, a Municipal Journal survey of local government job losses in the year to September 1992 reports that 10,300 jobs were lost. That was well below predictions by councils earlier in the year.

Several authorities that had predicted redundancies in fact increased their staffing levels.

Mr Michael Burton, the survey editor, said: "The picture in the end was unpleasant but considerably less gloomy than envisaged as far as jobs went."

Mr John Redwood, local government minister, dismissed reports of large-scale compulsory redundancies as "speculative".

Culture and comfort remove Scottish appetite for new business

The factors behind low company birth rate may be many and deep-rooted, writes **James Buxton**

WHEN leading Scots were asked what they felt about their country's poor record on company creation, they gave replies which some will find disturbing.

"New firms cause competition and displacement. This is not always an advantage to the economy," said one.

"In the long term a few start-up businesses might help but I don't see them as crucial," said another.

"We would not need new firms if we paid attention to assisting and rescuing old businesses," was another view. This suggestion of complacency – if not hostility – toward rising entrepreneurs is a sign of a cultural problem which appears to be a factor in limiting growth of new businesses, and holding back the Scottish economy.

Scotland's business birth rate for companies of more than 50 people between 1978 and 1990 was 77 new companies per 1m of population. The figure for the west Midlands was 86 and for south-east England 116. All were dwarfed by the performance of Massachusetts in the US with 333.

In 1990 125,000 people were working in independent businesses in Scotland set up since 1978 – but an extra 70,000 jobs would have been created if the Scottish business birth rate had matched that of the west Midlands, and 320,000 if growth had been as strong as in the south-east.

None of this means that the Scottish economy is in terminal decline. Over the past two decades Scotland has escaped its dependence on heavy industry and achieved a more balanced economy. It has also suffered less severely from the recession than much of the rest of Britain. In a country of 5m people fewer than 250,000 are registered unemployed.

But why should Scotland, whose entrepreneurs thrived in the 19th century and whose expatriates head important businesses in England, California and elsewhere, generate relatively few at home?

Scottish Enterprise's research, carried out by nine firms of consultants, attributed part of the blame to culture. Scots rated the entrepreneur as fifth most admired profession, below teachers, bankers and manual workers such as plumbers and bus drivers. The English put entrepreneurs third after teachers and bankers, and Germans put them after teachers.

Entrepreneurs were not perceived as being the caring sort of people Scots are educated to admire. And interviews with people in the business and financial community, as well as trade unionists, academics, journalists and churchmen, revealed serious doubts about the value of new businesses.

Many believed it would be better to concentrate on helping existing companies and encouraging a continuing stream of inward investors.

Yet the number of new inward investment projects Scotland can hope for has been declining, and competition is hotting up.

In spite of what might seem a discouraging cultural environment, Scottish Enterprise's research showed that 570,000 men and 285,000 women – 19 per cent of the adult population – would like to start businesses and believed they were capable of it, the same proportion as in Britain as a whole, though below the 21 per cent in the south-east.

But only 7 per cent of Scotland's potential entrepreneurs had taken up the challenge, compared with 13.7 per cent in southern England. The main reason was difficulty raising finance. Some complaints about banks and venture capital organisations are familiar – borrowers complain that lenders are too cautious, and lenders say the projects are not good enough.

But two distinct Scottish factors play a part. One is that Scots tend to have less personal wealth than people in other parts of Britain. Slightly more than half of Scots own their homes, compared with more than two-thirds in England, and many Scots are new to home-owning – only 35 per cent were owner occupiers in 1979.

Since much lending for new ventures is secured on the house of the founder, Scots have less borrowing potential. Scottish houses are generally less valuable than those in southern England, so Scots may have less free equity in their house to support a second mortgage.

It is often said that Scotland is a village, a network of interlocking groups in which everybody knows somebody – ideal territory, it might be thought, for "networking", the process by which people with business projects contact individuals with money to invest.

Yet the research showed that networking operates poorly in Scotland, apparently because many would-be entrepreneurs are reticent about discussing ideas with friends, and many are not members of clubs and associations – "even the golf club was unusual", the Scottish Enterprise document says. The Scottish financial community was presented by those outside it as a closed circuit.

Another factor is the quality of life, which may mean that those people who do form companies find their ambitions satisfied relatively early, discouraging expansion.

"The quality of life in Scotland is just too good and doesn't cost much to get a good slice of," one venture capitalist says. "If you are making £100,000 after tax from a business, you can afford a nice house and access to open space that in the south would need a much bigger income. For some, life's too comfortable."

Pay freezes spread in construction

By Andrew Taylor,
Construction Correspondent

MORE than 20,000 employees of recession-hit construction companies have had their salaries frozen or cut, a survey by the *Financial Times* indicated yesterday. Pay at one group has been cut by 5 per cent.

A separate poll of 80 senior construction executives conducted by Gallup for Building magazine revealed that almost *two thirds* of contractors expect to impose a pay freeze this year.

Costain, the troubled construction and coal mining group, announced last week that it was seeking to impose a 5 per cent pay cut on its 2,800 UK staff from April 1. It is also making a 150 employees redundant in addition to the 300 whose redundancies were announced by the group in November.

Trafalgar House Construction, Bovis, Taylor Woodrow and Alfred McAlpine are among building companies which are imposing pay freezes this year.

Contractors faced with large *borrowings, deteriorating order* books and falling profitability are under pressure from banks to restrain overheads.

Costain, as part of a package to reduce costs by £11m a year, has cut its entertainment budget and downgraded executive air travel, with senior managers no longer allowed to fly first class. Company cars will be replaced with more economic diesel models.

Taylor Woodrow, which last year froze the pay of middle and senior management, has said there will be no annual salary increase this year for its 9,000 employees.

The company, which made a £16m pre-tax loss in the first *six months of last year*, has told staff that pay will remain frozen until the economic situation improves.

The 4,700 workers at Alfred McAlpine, who should have received an annual pay increase in November, have also had their salaries frozen.

Bovis, which should have increased salaries on January 1, has introduced a six-month wage freeze for its 1,000 UK construction staff. It says it will review the position in June.

Trafalgar House Construction froze the pay of its 3,500 UK staff last October. It says it will review the position this autumn. THC cut its staff by about 400 last year.

More than 400,000 construction jobs are estimated to have been lost by the industry since summer 1989.

The Building magazine survey says that 58 per cent of housebuilders, 67 per cent of building *materials producers* and 59 per cent of consultants also propose to introduce pay freezes this year.

Builders to study conduct of banks

By Andrew Taylor

BUILDERS ARE *to monitor* the behaviour of banks, which they claim are unnecessarily *forcing businesses* into liquidation.

The campaign, called Bank Watch, has been launched by the Chartered Institute of Building, which represents more than 30,000 managers and directors of construction *companies*.

The move, announced yesterday, came two days after 18 MPs put their names to an early day motion expressing concern at Clydesdale Bank's "cynical" decision to call in the receivers at Lilley Group, the Glasgow-based *construction* company.

Mr Julian Barlow, institute commercial director, said that there had been a sharp rise in members' complaints of undue pressure from banks leading to an increase in bankruptcies and liquidations.

"Companies become even more vulnerable when a recession ends and land prices start to rise again and banks can see an opportunity to get their money back from selling assets," he said.

"We want our members to monitor the behaviour of banks so that we can prepare a dossier which can be presented as evidence to lending institutions, MPs and government ministers."

Lilley Group was put into *receivership after a rescue* package failed to obtain the unanimous support of its bankers.

Ike's favourite soon to join the fray

John Griffiths reports on the Jeep's entry into the four-wheel-drive market

CHRYSLER *Corporation* yesterday returned to the UK vehicle market for the first time since selling its British manufacturing assets to Peugeot of France in the late 1970s.

Initially it is battling for *sales in one of the few sectors* to have grown during the recession – the off-road four-wheel-drive market. Such vehicles have become fashionable among city dwellers who may never do any off-road driving.

Chrysler's offering is the Jeep, possibly the world's best known name in four-wheel-*drive. The first military* versions, along with landing craft and the Douglas Dakota aircraft, were credited by President Dwight D. Eisenhower – nicknamed Ike – with *winning* the second world war.

The Cherokee, the Jeep *model which most closely* rivals Rover's successful Land Rover Discovery and Range Rover models, and the Wrangler, a much revised version of the machine for which President Eisenhower had such affection, are to tackle a UK *four-wheel-drive leisure sector* where sales were estimated at more than 40,000 last year.

A measure of the seriousness with which Chrysler is taking the UK market is that the Cherokee has been re-engineered as a right-hand-drive model. The company *says* it is the first volume production model built with right-hand-drive for export to the UK by a north American manufacturer.

According to Land Rover, UK sales of larger vehicles in *the category – typified by the* Discovery and Range Rover and imports such as Toyota's Land Cruiser and the Mitsubishi Shogun – reached 27,960 in the first 11 months of last year. That was a 38.4 per cent jump on the 20,207 during the same period in 1991.

Vauxhall's Frontera Sport, the type of vehicle that is finding a market among younger drivers

The market is due to become *more crowded* later this *year* when Ford and Nissan launch their respective badged versions of a vehicle similar in size to the Discovery. This model will be produced at a Nissan plant in Spain, and will be sold in Europe under both Nissan and Ford names.

The vehicle, code-named ET by Nissan which has yet to give it a brand name, are to be built at a rate of 50,000 a year. Both parties are cautious about predicting market prospects in the UK.

Mr Ian McAllister, chairman of Ford of Britain, said: "We *will have to see* how sales develop after it is launched in late spring."

Sales of the smaller, cheaper four-wheel-drive leisure vehicles such as Vauxhall's Frontera Sport, which are becoming fashionable among *younger drivers* as an alternative to sports cars, also rose sharply in the first 11 months of last year. They rose by just under 20 per cent to 9,698 from 8,112. *For Vauxhall* the target is to topple Suzuki's Vitara, which accounted for 5,800 of these sales.

The Jeeps will be sold through an initial network of 80 dealers. Mr Richard Mackay, managing director of Chrysler Jeep Imports *UK*, expects this network to grow steadily as Chrsyler's market presence becomes established. His company is based in Dover and *was set* up by TKM, the multi-franchise vehicle distributor and retailer.

With Wrangler prices starting at less than £13,000 and the Cherokee at £15,345, initial sales of at least 2,000 a year are expected.

Mr Mackay, rival importers and Land Rover executives all believe that there remains a great deal of growth in the leisure *four-wheel-drive* sector, which has quadrupled in the UK in less than a decade.

The sector, once dominated by utilitarian vehicles such as the Land Rover, has grown largely as a result of Japanese importers. They have broadened the market with a variety of vehicles of all sizes, and with those such as the cheapest Suzuki *models costing* little more than a small hatchback.

Mr John Norman, Suzuki GB's managing director, believes the marketing to young buyers of the SJ model as a leisure vehicle was a crucial factor in changing British attitudes towards such vehicles. The SJ was depicted in one advertising campaign as a "wild weekender".

Rover Group's Land Rover subsidiary has been the prime beneficiary of the trend.

With its Range Rover model having secured a *similar* "lifestyle" niche at the top end of the market, the company's launch of its *similar-sized* but cheaper Discovery model in 1989 has proved more successful than even it had hoped. Discoveries have replaced more traditional estate cars across large swathes of suburbia, and the model is the undisputed UK market *leader* with nearly 10,000 sales last year.

Chrysler's market research indicates there are some 4.5m people aged 24 to 40 with "active" lifestyles who are potentially receptive to the £3m advertising campaign it is about to launch.

Dearer food boosts the underlying inflation rate

By Emma Tucker,
Economics Staff

UPWARD PRESSURE on seasonal food prices was the main influence behind the 0.1 per cent rise in underlying inflation last month compared with the previous month.

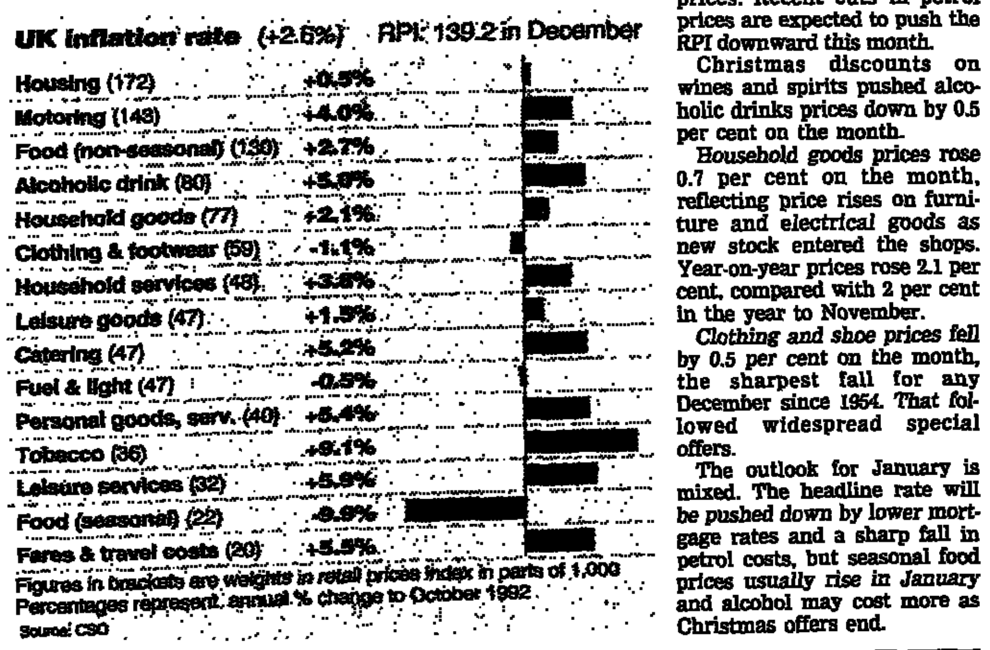
The Central Statistical Office said that although seasonal food prices were still low, due *to plentiful supplies of fresh* fruit and vegetables, prices rose by more in December than they did in the same month the previous year.

As a result the retail prices index excluding mortgage interest payments, the Treasury's measure of underlying inflation, rose by 3.7 per cent in the year to December, compared with 3.6 per cent in the year to November.

The 0.4 per cent fall in the all-items index from 139.7 in November to 139.2 last month, which took headline inflation to 2.6 per cent, was the result of further mortgage rate cuts.

Housing costs fell 2.6 per cent in December compared with the previous month and the year-on-year rate dropped to 0.5 per cent from 3.5 per cent in the year to November.

The CSO said the impact of the cut in mortgage interest rates on the all items index was tempered by the upward *movement of food prices.*



Seasonal food prices rose by 4 per cent month-on-month, compared with a monthly rise of only 1.2 per cent in December 1991. Compared with a year ago, prices are still falling. In the year to December seasonal food prices dropped by 9.9 per cent, a slower fall than in the year to November when prices fell 12.4 per cent.

Non-seasonal food prices rose a modest 0.5 per cent in December, but may pick up this month as increases are expected for butter, sugar, imported lamb and poultry.

Continuing falls in the prices of second-hand cars were behind a 0.4 per cent monthly fall in motoring expenditure prices. Recent cuts in petrol prices are expected to push the RPI downward this month.

Christmas discounts on wines and spirits pushed alcoholic drinks prices down by 0.5 per cent on the month.

Household goods prices rose 0.7 per cent on the month, reflecting price rises on furniture and electrical goods as new stock entered the shops. Year-on-year prices rose 2.1 per cent, compared with 2 per cent in the year to November.

Clothing and shoe prices fell by 0.5 per cent on the month, the sharpest fall for any December since 1954. *That* followed widespread special offers.

The outlook for January is mixed. The headline rate will *be pushed down* by lower mortgage rates and a sharp fall in petrol costs, but seasonal food prices usually *rise in January* and alcohol may cost more as Christmas offers end.

Signs of recovery in north-west

By Ian Hamilton Fazey,
Northern Correspondent

A SLOW but fragile economic recovery appears to be *building* in north-west England and north Wales, according to the latest quarterly surveys by the regional chambers of commerce and *industry* in Manchester and Liverpool.

After faltering last summer, domestic orders between October and December resumed an upward trend *which began* in 1991. Business confidence has *also improved*, and a few companies have revived investment plans. But redundancies are forecast nevertheless.

Both chambers report buoy*ant export markets*, with the Liverpool chamber's service-sector members responding faster than manufacturers to the devaluation of sterling in September.

Manchester chamber's manufacturers, however, reported strong export sales.

Electrical market forecast to fall 2%

By Tony Jackson
and Alan Cane

THE UK market for electrical and electronic equipment is likely to contract by as much as 2 per cent this year, Mr Juergen Gehrels, chief executive of *the UK subsidiary* of Siemens of Germany, predicted yesterday.

He said it would be the first time in more than a decade *that the* £37bn market had failed to grow. His prediction casts further doubt on the prospect of a consumer-led economic recovery this year.

Mr Gehrels said the market had grown consistently by up to 8 per cent a year over the past 10 years but was essentially flat in 1992.

The UK company, *however*, which includes Siemens Plessey Electronic Systems and a 40 per cent stake in GPT Holdings, increased revenues by 3.9 per cent to £881.3m *last year* and expects to break the £1bn *barrier this* year. Mr Gehrels said the company was profitable overall, but if the contribution from the GPT telecom*munications* joint venture with GEC were excluded, it was in loss.

He agreed, however, *that the* company had paid too much for its share of the joint bid with GEC for Plessey in 1988 and that the cost increases as a *consequence of* devaluation on goods imported in to the UK were a "tremendous problem".

Last year Siemens UK had exports of £186m against *imports estimated* at £170m. Siemens spent £137m on research and development in the UK last year, equal to 16 per cent of Siemens UK turnover. *Mr Gehrels said*: "The UK has a great resource of talented engineers and physicists. That is one of the main reasons for Siemens' involvement in the UK."

The British workforce, he said, was less skilled than the German, but this was not a significant handicap.

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Saturday January 16 1993

Clinton's viewpoint

A WEEK from now Mr Bill Clinton will be president of the US. Whether his elevation represents the decisive break with the free-market economics of his two predecessors is, as yet, far from clear. What is clear, however, is the change he represents in attitudes to government itself. Unlike Mr Reagan or Mr Bush, Mr Clinton believes in it passionately. What is more, as a Democrat facing a Democratic Congress, he has the capacity to act on that belief. Yet to govern is to choose. Mr Clinton will have to make his choices soon.

The new president wants to achieve the economic regeneration of the US. Yet Mr Michael Boskin, outgoing chairman of the council of economic advisers, argues in his annual Economic Report of the President that the US is not in economic decline relative to most other advanced industrial countries. He is right. Of industrial countries, only Japan's overall economic performance has been notably better over the long term.

Mr Boskin is not a pseudonym for Dr Pangloss. He admits the "deplorable" quality of secondary education, an excessively costly healthcare system that fails to insure many Americans, and continuing high levels of poverty. It is to Mr Clinton's credit that these are the main items on his agenda.

Unfortunately for him, some of these problems – the poor quality of secondary education, for example – may be beyond the power of even the most determined president to remedy. Meanwhile, those that might be remediable – incomplete health insurance, for example – are likely to add a huge burden to a budget already drowning in red ink. The more Mr Clinton chooses to increase public spending, the less he will be able to reduce the yawning fiscal deficit. That is no trivial matter, however, since the fiscal deficit is the single most important remediable cause for the low US rate of capital accumulation.

Strongest economy

To make the new administration's dilemma worse, Mr Richard Darman, the outgoing budget director, admitted last week that the US fiscal deficit was more likely to widen than narrow, on unchanged policies. In view of Mr Clinton's ambitions for public spending, his promise to cut the budget deficit in half in his first term is likely to suffer the same fate as similar promises from his predecessor.

Fortunately for the new president, what he inherits is not in all respects as unhealthy as the fiscal arithmetic. The US economy is virtually certain to be the strongest in the Group of Seven leading industrial countries this year. A relatively strong US economy, combined with dismal performance almost everywhere else, is the opposite of what the hapless Mr Nicholas Brady had to face throughout his term of office. It will help give Mr Lloyd Bentsen, Mr Clinton's nominee as US Treasury secretary, the platform from which to "reassert leadership in the G7", as he desires.

Mr Bentsen may even find himself pushing, if not on an open door – the Bundesbank's never is, where expansionary policies are concerned – at least on one that is not locked and bolted. It is encouraging, moreover, that so senior a figure in the forthcoming administration recognises the importance of active international engagement. Mr Clinton's domestic agenda was, it once seemed, likely to crowd out international concerns. Perhaps that danger has been overstated.

Religious attachment

The fundamental question is not whether the US should be engaged, but how. What, in particular, should it try to do in the G7?

It must not repeat past experiments with exchange rate co-ordination. The monetary effects of those attempts were probably the most important single cause of Japan's bubble economy and its aftermath, which also explains the Bank of Japan's unwillingness to pursue expansionary monetary policies today. There is little more chance of achieving exchange rate co-ordination with the principal European economies. Given the almost religious attachment to fixed exchange rates of so many of them, this may be surprising. The exception, however, is Germany and it alone is in a position to bind the European currencies to the US dollar and the Japanese yen.

Nevertheless, economic pressures ensure that Germany will move still further towards expansionary policies. The Bundesbank may well move fast enough to save what is left of the ERM. Even so, the Bundesbank's movement remains too slow for the German government.

This continued inability of the German government to co-ordinate with the German central bank makes talk of international co-ordination seem rather ambitious. But some things must be attempted. Two items, in particular, should be on the top of the agenda: greater help for reform in the former Soviet Union and completion of the Uruguay Round of multilateral trade negotiations. Mr Clinton cannot escape these responsibilities. There can be no purely domestic US presidency and no lasting domestic success without an effective international engagement.

As demand for business information grows, **Michael Cassell** examines the extent of UK company eavesdropping

Bugs infest the boardroom

Shortly before Christmas, a City of London tour guide was interrupted as she delivered a brief history of the Bank of England over her coach microphone. Bemused American tourists found themselves listening to a conversation, relayed through the coach speakers, detailing the proposed negotiating terms for the acquisition of a chain of 35 shops in France.

The unwitting informant was on his telephone in the car behind. The details he imparted were of no interest to a group of Texan farm-equipment dealers, but someone, somewhere, might have gone to extraordinary lengths to get them.

The thirst for finding out what the commercial competition is up to – highlighted in this week's High Court revelations over British Airways' campaign against Virgin Atlantic – appears unquenchable. Given the odds against a lucky break outside the Bank of England, companies are increasingly employing sophisticated corporate intelligence skills and equipment to ensure they are always well briefed.

The business of seeking or safeguarding business secrets is a growth market. "There has been a big change in attitudes among UK companies towards sizing up other businesses," says Mr Terence Burke, a former US Central Intelligence Agency and Drug Enforcement Agency officer, who heads the London office of IGI International, a corporate investigation company.

Whereas companies were once primarily intent on protecting the bricks and mortar of their business against criminals, the value of commercial information and the potential damage inflicted by its loss is now regarded as just as important.

Business executives can also argue that they have a fiduciary obligation to discover, on behalf of shareholders and employees, what competitors are doing, providing it is legally obtained and does not invade people's privacy.

IGI has just stopped a UK company signing a lease on an east European office block with a bogus intermediary. "That's a case of due diligence, not spying," says Mr Burke.

Mr Blenyth Jenkins, director of corporate affairs at the Institute of Directors, adds: "Every director of every company has a duty to know as much as possible about the competition. Even so, there are lengths beyond which they should not go in trying to find out."

But how far are companies, or the agencies they hire, prepared to go down the road to subterfuge and illegality in order to keep an eye on the competition? Are many of Britain's boardrooms really bugged, or are tales of widespread industrial espionage as fanciful as the plot of a detective thriller?

If current sales of electronic surveillance equipment are any guide, then UK business is overrun with professional busy-bodies, though they are not necessarily acting illegally: "To bug your own employees [at work, as Robert Maxwell did] may not be very nice but it's not going to land you in court," says one bugging expert.

Sales of all forms of surveillance equipment, much of it for protective rather than intrusive purposes, have risen throughout the recession. Products include "bugs" concealed in pens, calculators and credit cars. For the more stylish businessman, there is an electronic olive on a cocktail stick.

Estimates by larger suppliers suggest that up to 30,000 bugs are sold annually, with the large majority going to corporate customers.

David Benn, managing director of Lorraine Electronics, says nearly all his sales are to businessmen. "There is a lot of corporate paranoia about information leaking out. One in 50 times something might be found but leaks are more likely to be the result of sloppiness."

It is not only companies, but their professional advisers who are apparently regarded as fair targets for eavesdropping. One of London's largest law firms has its meeting rooms regularly swept for devices. A senior partner recalls: "Information was leaking out almost as soon as our meetings had ended. Nothing was found but there were clear signs of tampering."

A merchant bank executive in the City says his offices are also routinely scanned, part of a "safety-first" procedure that puts people and documents into categories of confidentiality: "Someone with the wrong category of documents in their possession can be fired."

To feed the appetite for information on companies, products and individuals, a new breed of professional corporate investigator is also emerging. Staffed with former barristers, bankers and accountants, these companies intend to dismantle the caricature of the slightly seedy detective agency run by chain-smoking ex-coppers.

If pushed, however, some legitimate agencies concede they might sometimes be tempted to stretch good business ethics to the limit. None of them say they would be prepared to mount a campaign to undermine the standing of their clients' competitors.

BA found to its cost that such a strategy can backfire, reflecting badly on the company and on everyone involved in it. The affair cost BA £610,000 in libel damages and an estimated £3m in legal costs after it accused Virgin of seeking publicity in exposing a "dirty tricks" campaign waged against it.

As with BA, the underbelly of covert corporate detection work is occasionally exposed. In 1990, as Laing Properties became the target of a hostile takeover attempt, it told the Takeover Panel it had found an electronic bug in its offices.

Three years earlier, three men were convicted for placing a listening device in a biscuit tin outside the home of an executive of Comet, a subsidiary of the then Woolworth group which was the object of a bid from Dixons.

A more recent story of corporate espionage involves the tactics adopted by a large UK retailer to undermine another high-street multiple in advance of a takeover bid. The potential target, its suspicions aroused by unusually bad figures from some stores, installed listening equipment to eavesdrop on its managers. A startling tale emerged.

Several managers had been bribed to depress sales returns, denting the company's figures and making it more vulnerable to outside attack. Damning conversations were recorded, and the plotters backed off under threat of exposure.

At present, there are two significant cases of alleged industrial espionage before the British courts, one involving the alleged sale of confidential information and the other centred on alleged attempts to plant a "spy" in a competing business.

Most companies, however, are more interested in protecting what they hold than in extracting secrets from others, with some types of business more sensitive than others to the dangers of damaging leaks.

Increasing numbers of businesses, such as Heinz, the giant food products group, implement so-called "risk analysis" exercises, effectively employing outside professionals to prowl through the company, seeking out weak spots from which information might escape.

Takeover bids heighten the need for stronger defences on both sides. BTR, the industrial conglomerate, used corporate investigators to check the security of its own information systems before bidding successfully in 1991 for Hawker Siddeley, the engineering group. The company was chastened to see the quality of information abandoned nightly by staff in dustbins.

More generally, tendering activity is seen as an area particularly vulnerable to information leaks. Knowing what the opposition is prepared to bid can pay immense dividends.

The oil industry appears more prone than many to information seepage during the preparation of contract tenders. Other businesses in which security of information has a high priority include property development, where inside data can make a big difference to a deal.

In the intensely competitive consumer products business, advance information on new brands and pricing strategies can pay big bonuses: "If people think we just walk round the stores to find out what the others are doing, they are very wide of the mark," according to an executive in one personal products group.

His company, like many others, now operates a competitive intelligence department, charged with the task of legitimately monitoring the opposition. Computer manufacturers, too, run units with the same function.

A minefield of legality awaits those tempted to pursue more adventurous techniques. While anyone can purchase bugging and scanning equipment, the Interception of Communications Act and the Wireless and Telegraphy Act limit its use: to adopt a false guise can constitute misrepresentation, while tapping into computers can invoke the Data Protection Act or the Computer Misuse Act.

Infringements can be hard to prove. A Manchester property company allegedly spying on another was charged with stealing 5p of electricity to operate a bug, although the case was dismissed.

Mr Patrick Grayson, executive managing director of Kroll Associates, the US corporate investigator, says there is plenty of corporate information available on the record, provided people know where to look. Mr Grayson, whose own Savile Row offices are swept for bugs, says his company's activities follow a code which is based on strict adherence to the law.

"We sometimes have to make moral judgments and, as importantly, there is the matter of how any actions may be perceived. Dustbin emptying might not necessarily be illegal but it is certainly tacky. If some clients do not care how we get information, we do. Our reputation as well as theirs is at stake."

Companies like Kroll and IGI, however, have not escaped accusations of acting in ways that may not fully measure up to their codes of practice.

Mr Bruce George, the Labour MP for Walsall South – who has had his own Commons offices burgled – is pressing for legislation to ensure that corporate investigators and other security specialists are licensed. "Which other country would tolerate investigators being allowed to operate as free agents?"

There will always be some readily prepared to indulge in "dirty tricks", says Mr Steve Smith, deputy managing director of Carratu International, a respected corporate investigation company which itself has been bugged.

He tells the story of the bogus British Telecom engineers who have been tracked down more than once in the City. "They have all the right gear and all the know-how. They tap identified lines from pavement junction boxes and listen in from a vehicle parked nearby. We've discovered their activities several times. But it's always too late to catch them."

MAN IN THE NEWS: ***Dr Radovan Karadzic***

Just what the doctor ordered

Dr Radovan Karadzic, the leader of the Bosnian Serbs, reviled throughout the world for their policy of "ethnic cleansing" in Bosnia, at last appears to have been outmanoeuvred. Against his own most fundamental convictions, and certainly those of his hardline colleagues, he will be forced next week to defend before his own parliament a constitutional agreement for Bosnia imposed on him by his closest ally, Mr Slobodan Milosevic, the Serbian president.

The shock-headed psychiatrist, whose specialities are neurosis and depression, may also be fighting for his political life. If the Bosnian Serb assembly, composed largely of the kind of extremists which make Mr Karadzic look moderate, reject the plan proposed by the international mediators in Geneva, he has threatened to resign. Given the general unreliability of his promises, it is perhaps more likely that he might be jettisoned by Serb military leaders, unwilling to give up the substantial territorial gains they have made at the Moslems' expense.

It is a matter of supreme irony that Dr Karadzic should have been put in such a difficult position by the man who personifies his ideals of Serbian nationalism and a greater Serbia. To the surprise of most observers, with the exception perhaps of the mediators, Mr Cyrus Vance and Lord Owen, who had meticulously prepared such a scenario, Mr Milosevic exerted extraordinary pressure to make the Bosnian Serb leader change his mind.

"They really did twist Karadzic's arm unmercifully," a seasoned diplomatic observer said afterwards. Indeed, the normally loquacious Mr Karadzic was reported to have been reduced to virtual incoherence at the end of the talks early this week, when he saw the prospect of a Serbian "state within a state" evaporate – at least on paper.

Like many psychiatrists, the man whom Mr Lawrence Eagleburger, the outgoing US secretary of state, said should be one of those to be tried for war crimes, has something of a split personality – a Jekyll and Hyde. Though, physically, an intimidatingly large bear-like figure, many of his visitors have been seduced by his personal charm. He has written, published and likes to talk about poetry – he did so last year on a BBC arts programme – and, incongruous though it might seem, he plays the Serbian lyre. He is a family man. His wife Lilyan is also a psychiatrist and his two children, both in their 20s, also study medicine. At one stage, Dr Karadzic was even the official doctor to the Sarajevo football team.

Those acquainted with the Bosnian Serb leader stress that "he enjoys the good life". He is reputed to have rented a villa for his family in Geneva for the duration of the peace conference, though he himself tends to stay in a hotel during the main negotiating sessions. "He is capable of anything – good or bad," in the words of a Yugoslav-born observer. "He lies unconsciously in order to please his interlocutors, and he probably persuades himself that what he says is true."

The examples of Dr Karadzic's capacity to play havoc with the truth are manifold. He has, in turn, fiercely denied allegations of ethnic cleansing and the existence of detention camps into which thousands of Moslems have been herded, and then promised to open them to inspection and even to close them. At the same time, the Bosnian Serb propaganda machine, based in Pale, near Sarajevo, has been disseminating the most horrific stories about alleged Moslem atrocities, most of which have never been confirmed by independent sources. At the Geneva negotiations, journalists may report his statements, but rarely believe them. This week, he made the throw-away remark as he went into the meeting at which he rejected the Vance-Owen constitutional proposals: "I am hoping for a compromise." A few hours later, after Mr Milosevic had done his work in a *tête-à-tête* meeting, he accepted the proposals – on condition that they were approved by the Bosnian Serb assembly.

Many believe that the reasons for Dr Karadzic's primitive form of Serbian nationalism in a region held up, in the past, as an example of successful ethnic integration, can be found in his origins. He is, in fact, not a Serb. Born in a mountainous region of Montenegro, he came to Sarajevo to find fame and fortune, but found it difficult to penetrate the intellectual Moslem elite. In a country divided into relatively sophisticated Moslem city dwellers and a rural population dominated by the Serbs, Dr Karadzic, of peasant origin, found a much greater affinity with the Serbs.

However, he did not emerge into the political limelight until 1990 when, after a spell in prison for the misappropriation of government funds (Dr Karadzic claims it was for anti-communist activities), he helped found the nationalist Serbian Democratic party, with the explicit objective of uniting all Serbs within a greater Serbia.

The objective has never changed. While the mediators have insisted in the Geneva negotiations on a unitary, if decentralised Bosnian state, divided into 10 semi-autonomous provinces, Dr Karadzic has fought tooth and nail for his vision of a simple ethnic division of the country into three communities (Serb, Moslem and Croat). In his view they should each be allowed to form "a state within a state" with full powers in domestic and international affairs. Implicit in his proposal is the expectation that the Bosnian Serbs would merge with Serbia simply when they decided to do so.

Dr Karadzic's great idol, Mr Milosevic, appears temporarily prepared to abandon this dream, mainly because it is in Serbia's interests to persuade the international community to lift its sanctions. This has been the biggest blow suffered by the Bosnian Serb leader in his short political career.

Yet he knows that, unless his own supporters and military leaders completely abandon him and force him to resign, he can live to fight another day. There are enough controversial elements of the package which remain to be negotiated – the map of the provinces into which the country will be divided and the terms of a cessation of hostilities – to enable him to spin out the talks and even to provoke their breakdown. Mr Milosevic willing, of course.

Robert Mauthner

Europe's case of the Danish blues

Lionel Barber on the implications of Poul Schlüter's resignation

For a country with only 5m people, lying in Germany's shadow on the northern periphery of Europe, Denmark has acquired an uncanny knack for holding the EC's future in its hands.

The resignation of Mr Poul Schlüter, conservative prime minister since 1982, has confounded hopes of a period of relative political calm inside the European Community. His fall as a result of an obscure scandal involving the treatment of Tamil refugees from Sri Lanka has injected fresh uncertainty over the development of the EC.

The impact should not be exaggerated, since Mr Schlüter headed a shaky minority government and Denmark's EC policy has always been the product of bargaining between the principal parties in the Folketing, the powerful Danish parliament.

But Mr Schlüter's resignation blurs what just four weeks ago appeared to be a clear road map for the Community. Last month at the Edinburgh summit EC leaders agreed to spell out legally binding Danish opt-outs on the Maastricht treaty on European political and monetary union, paving the way for a second referendum to be held around April 27.

The new year passed, Denmark took over the EC presidency, and national polls showed Danish voters overwhelmingly in favour of the treaty. With a Danish Yes in the offing, prospects improved for quick parliamentary ratification by the UK and the implementation of the treaty by late autumn.

The odds still appear to favour approval of Maastricht. True, no one inside or outside Denmark is quite sure how the extended text differs in substance from the treaty rejected narrowly in last June's referendum. But seven out of Denmark's eight political parties back the Edinburgh deal which sets out exemptions on monetary union, a common defence policy, EC justice and home affairs and common citizenship.

More important, the main parties, notably the opposition Social Democrats, have pledged to campaign wholeheartedly for Maastricht. Last year they were content to let Danish business and the civil service defend what many Danes thought was an unsatisfactory treaty.

In June, almost 60 per cent of Social Democrat supporters failed to back the treaty, either because of a lack of enthusiasm or hostility towards Mr Schlüter's conservative-liberal coalition. If the Social Democrats form the next government, they would be likely to push Maastricht hard, recognising that the next referendum is Denmark's last chance to come back into the EC fold.

Or so the argument in Copenhagen goes. But as the events of the past few months demonstrate, nothing in Denmark is quite what it first seems. The country meets the exacting standards required for European monetary union on inflation and budget deficits but appears unwilling to take part in a single European currency. It vigorously supports the single European market but has serious reservations about common European citizenship. Danes can be dour (listen to Mr H O A Kjeldsen, president of the Agricultural Council talking about improvements in Denmark's pig slaughtering capacity); or they can be frivolous. The economic minister created a diplomatic incident recently when he joked about dispatching the Danish navy unless neighbouring Sweden shut down a nuclear power station near Copenhagen.

Social Democratic leader Poul Nyrup Rasmussen, left, and outgoing PM Poul Schlüter

The "Tamilgate" scandal contains similar contradictions. Mr Schlüter, 63, was not directly involved in the affair which began in 1987 when Mr Erik Ninn-Hansen, then justice minister, ordered civil servants to delay entry visas for the wives, children and relatives of Tamil refugees.

The Tamils had an explicit right under Denmark's liberal immigration law to bring their families into the country. But Mr Ninn-Hansen, judging that the prospects for peace in Sri Lanka were improving and that the Tamil refugee flow might ease, decided to delay consideration of the cases. The affair only became serious when it emerged that efforts had been made to prevent the parliamentary ombudsman investigating the affair. Mr Schlüter sealed his fate when he declared to parliament in 1989 that "nothing has been swept under the carpet".

Mr Mogens Hornslet, the High Court judge appointed by Mr Schlüter to uncover the truth, last Thursday delivered a verdict so damning that the prime minister had no option but to resign. Having misled parliament so clearly, few believe that Mr Schlüter can come back, though he might stay on as a caretaker until a new prime minister is found.

Danish officials this week were unsure whether to display pride in the open nature of Danish government or dismay that it had cost their country one of the its most experience leaders since the second world war.

One foreign ministry diplomat recalled Mr Schlüter entering office in September 1982, ending the Social Democrats' 50-year domination of Danish politics. "Nobody gave him six months," he said.

In the event, Mr Schlüter proved to be one of Europe's great survivors, a conciliator who presided over a period of political stability and rising prosperity as Denmark recovered from its huge budget and foreign debt burdens. On the bright side, the Tamilgate affair is a working model of Danish arguments in favour of more transparency in European Community decision-making and more accountability. Not many other countries would be prepared to sacrifice a prime minister to defend the rights of Tamil immigrants, one EC official said.

But the same official acknowledged that it was far from clear whether the majority of Danes viewed Tamilgate in the same light. Indeed, one interpretation is that the scandal is more a product of Denmark's tortured liberal political culture.

For despite its liberal immigration laws, most Danes are wary of immigrants. This week a poll showed 70 per cent in favour of tighter immigration laws.

Mr Helvig Petersen, a former leader of the Radical Liberal party who supports the country's liberal immigration policy, fears that a post-Tamilgate election campaign could lead to an ugly debate about the numbers of Turks, Pakistanis, Yugoslavs – and Tamils. "We are a very homogeneous population," says Mr Petersen, "we are not used to black people coming in and we have experienced more difficulties than we would have liked."

As party leaders in Denmark struggled to resolve the political crisis yesterday, Mr Ivar Norgaard, chairman of the Folketing's market committee which oversees the EC, stressed the continuity in Danish EC policy and played down the potential damage to his country's presidency.

The priorities were already set, he said. Enlargement talks with Sweden, Austria, Finland and Norway are to start next month; all Danes are looking forward to being joined by their Scandinavian neighbours who will, they believe, redress the southern tilt caused by the accession of Greece, Portugal and Spain. Moreover, all parties emphasise the need for EC decision-making to be more transparent and to be devolved to the lowest level.

If the Social Democrat opposition, led by Mr Poul Nyrup Rasmussen, forms the next government, some change is certain. Initiatives to promote employment and to strengthen the environment will be given priority; free marketeers such as Mrs Anne Birgitte Lundholt, industry minister, will doubtless go; and Mr Jacques Delors, president of the European Commission, will gain new allies in Copenhagen.

On Wednesday morning, Mr Delors met Mr Schlüter and Mr Uffe Ellemann-Jensen, the effervescent Danish foreign minister, to discuss the Danish presidency's plans for the next six months.

Once again Mr Ellemann-Jensen, who predicted confidently that Maastricht would be approved last year, showed a fatal attraction for forecasting. Asked about Tamilgate, he asked what the fuss was about.

"I have every confidence that next week and next month the prime minister will still be Poul Schlüter and yours truly [as foreign minister]." His EC colleagues will be hoping that Mr Ellemann-Jensen's confidence in the future of the Community will prove more reliable.

Nikki Tait and **Michael Skapinker** on the rise of size in the international cruise market

Grow, grow, grow your boat

Bob Dickinson, marketing director at Miami's Carnival Cruise Lines, recently made a promotional video. To demonstrate on-board facilities, Carnival filmed an employee strolling through a cruise liner's atrium – it was seven storeys high.

The story illustrates the extent to which size dominates today's cruise-line industry. Carnival vessels, with names like Fantasy and Ecstasy, are essentially giant floating hotels, capable of housing 2,000 or more passengers. The surrounding ocean is almost incidental.

Only this week, Carnival – the world's largest cruise-line operator in terms of passengers carried – ordered a 95,000-ton ship from an Italian yard, at a cost of more than \$400m (£263m). The vessel, which could be in service within four years, will have 1,300 berths and sleep up to 4,400 people. In terms of gross tonnage, it will be 25 per cent bigger than any cruise ship ploughing the seas at present (the QE2, by comparison, is 67,000 tons).

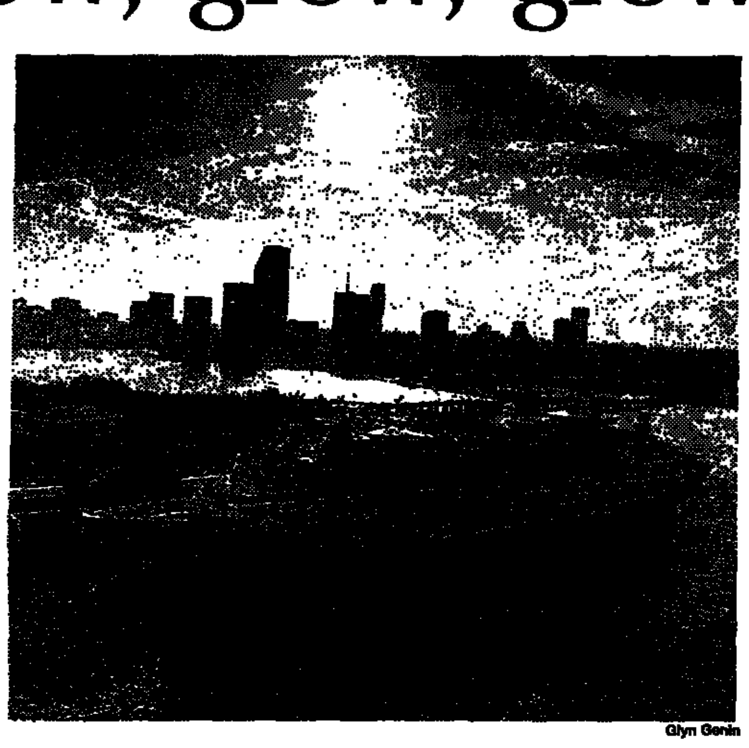
But it is not just the ships that are changing. The notion that cruises are genteel holidays for the wealthy, full of Cowardesque figures sipping dry Martinis, has been interred. Today's cruise-line customer is more likely to be under 50, with an annual income of less than \$50,000. He or she is probably a sun-seeker, headed for the Caribbean, who will spend fewer than seven days on board.

At first glance, these changes seem to have enabled the cruise-line business to navigate the recession in better shape than most of the leisure industry. Since the 1990s began, airlines and hotels have faced shrinking demand and severe financial pressures.

In North America, easily the largest cruise market in the world, the New York-based Cruise Lines International Association estimates that 4.4m people took cruises last year. That was an increase on 1991 of 10 per cent – which is also the average annual growth rate registered over the past decade. Occupancy rates for North American cruise operators averaged 85-90 per cent last year; US airlines struggle to achieve figures in the high 60s.

But beneath the surface, prospects are murkier. While demand increased, about one dozen new ships also came into operation in 1992, adding about 11,000 berths and increasing total capacity by about 12.5 per cent. This year, another five liners – including Carnival's giant Sensation, which is more than 850 feet long and capable of carrying 2,600 passengers – will also hit the high seas.

The industry's optimists, like Mr Dickinson, think that demand will grow to match the capacity expansion. They point out that, even in recessionary times, cruise holidays have appeal. The cost of such holidays is fixed at the outset, because the fare includes meals and entertainment. By adding in all the extra expenses attached to a conventional, land-based vacation, it may be cheaper to buy a cruise-line package than to stay at a hotel.



Glyn Genin

Sovereign of the Seas: size dominates today's cruise-line industry

Others in the travel industry are less sanguine. Travel agents, for example, note that heavy discounting of published cruise-line fares has been prevalent for several years and shows no signs of letting up. "Published prices mean absolutely nothing," says one Manhattan-based travel agent. "Every time you turn around, someone's bringing on a new ship – there's so much overcapacity at present."

ANNUAL GROWTH IN NORTH AMERICAN CRUISE MARKET, 1980-90 ('000)

	Passengers	% change
1980	1,431	13.5
1981	1,455	1.7
1982	1,472	1.2
1983	1,696	15.2
1984	1,859	9.6
1985	2,152	15.8
1986	2,624	21.9
1987	2,875	9.6
1988	3,175	10.4
1989	3,286	3.5
1990	3,640	10.8

Average annual growth 1980-90: 9.8 per cent
Source: Cruise Lines International Association

High occupancy rates are achieved only through discounting: current offers, he says, include "two tickets for the price of one" and cuts of 30 or 40 per cent off brochure prices.

While it is true that Carnival has posted steady annual profit advances, half a dozen smaller companies are believed to have faced serious financial problems. A handful of companies, such as the Seattle-based Exploration Cruise Lines, have filed for bankruptcy protection.

Nevertheless, Cruise-ship owners claim that their "untapped" market is huge. CLIA, for example, cites market research showing that 60 per cent of North American adults "dream of taking a cruise", while only between 5 and 7 per cent of the population has done so.

The non-American market also presents a large potential source of new customers. In the UK, the world's second biggest market, the Passenger Shipping Association estimates that about 200,000 people went on cruises last year. A flight to Florida, followed by a Caribbean cruise, was the most popular option.

While the number of UK residents taking cruises has more than doubled since the mid-1980s, it is still tiny compared with the 11m who take air-based package holidays abroad. In Germany, the next biggest market, the PSA estimates the number of cruise passengers is only about 175,000.

Although cruises are attracting younger UK customers, the industry concedes it still has work to do. Mr Richard Bowden-Doyle, marketing director of Lunn Poly, the UK's biggest travel agent chain, says: "The UK is a potentially lucrative market, but historically the British have seen cruising as a holiday for the blue-rinse brigade." He argues that is changing. Although recent UK-wide Lunn Poly presentations on cruising failed to attract people in their 20s, potential customers in their 30s did turn up.

Bigger ships are central to the industry's attempt to extend the appeal of cruising. Operationallly, large ships offer some basic economies of scale. Senior crew numbers, for example, do not increase proportionately with a ship's size. Nor do promotional expenses.

But the main advantage comes on the marketing front. Many people still think of a cruise as too stuffy, Dickinson admits. "They expect a string quartet at four o'clock and a lecture on geranium-planting in the evening." The new jumbo ships quickly dispel this impression.

They are marketed as "fun ships", with casinos, spas, jogging tracks, even golf facilities. Cruise companies allow passengers to keep up with their favourite sports events. Norwegian Cruise Line and Royal Viking introduced big-screen showings of sports events last autumn, covering top league baseball and basketball games.

In answer to suggestions that travellers could grow weary of being confined in the company of several thousand other holidaymakers, Dickinson says defensively: "There are hotels with 2,000 rooms in Vegas."

The Cassandras are not convinced. Gerald Celente, director of the Trends Research Institute in New York state, sees similarities with the US hotel industry, which overbuilt in the 1980s now lives with the burdens of oversupply.

Does he not buy the argument that demand is just waiting to be tapped? "The huge potential market," he says, "has to have the money to spend. Look at the recent Christmas shopping . . . those people are simply going into debt again. They just don't have the discretionary income." If he is right, cruise companies could find themselves becalmed.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Iraqi instability no surprise if its coastline confiscated

From Dr Richard Long.

Sir, Many of Iraq's troubles stem from map-drawing at the end of the first world war. Saddam, more than any other of Iraq's rulers, has failed to come to grips with them. Much of the cartography was unfair. Worst of all was the Shatt al Arab boundary, which penalised the country which has almost no access to the sea while rewarding Iran, blessed with a more than ample coastline. This short-sighted arrangement was one of the chief causes of the Iraqi war with Iran in the 1980s.

It has been disheartening to learn that a similar mistake has been made – apparently secretly – in recent days. You rightly hinted at it in your editorial ("Gulf war revisited", January 14) by speaking of the Umm Qasr port area as land which "the United Nations now recognises as Kuwaiti territory". It did not do so two days ago. Until then, it belonged to Iraq, as it had since the country made its first appearance as a state in modern times. Now the UN has given away a piece of Iraq.

I visited Umm Qasr port in the 1960s, when no one doubted that it was a possession, indeed a proud new creation, of Iraq. To cut it off from its hinterland seems clumsy. To confiscate part of the minuscule coastline of a country which went to war two years ago partly for the lack of an adequate one is gratuitously to sow seeds of future instability where there are quite enough already. To leave the new border unprotected has been to invite (entrap?) the Iraqis into crossing it to retrieve their equipment. Is it any wonder that they have so lost control of themselves in recent days as to provoke the allies into again bombing their long-suffering country.

Richard Long,
33 Wyncote Court,
Newcastle upon Tyne NE7 7BG

BBC licence fee is no more than flat-rate, inequitable tax

From Mr Alan McCartney.

Sir, It seems to me that the proper use of licence systems is to regulate and tax minority pursuits. The BBC "licence fee" is in reality a flat-rate tax of £80 on all householders regardless of circumstance and, as such, seems unique. Taxpayers are not asked to pay a flat-rate tax to support the armed forces or the health service, why should the BBC be different? In using the words "rough justice", David Robertson (Letters, January 13) clearly has some feel for the basic inequity in the system, but I suspect he has no concept of what a huge (hugely unfair?) sum £80 represents to low-income people, who might be totally dependent on television as their sole source of entertainment.

The system, far from offering justice in any form, seems to me to be almost immoral. The time for change is long overdue and there seem to be two very reasonable alternatives.

First, direct grant from government. Apart from the fairness that would ensue, think of the savings to be made in the costs of collecting and administering the licence system.

Second, advertising (although I suspect the commercial television companies would regard a new powerful competitor as "rough" if not "justice"). Why shouldn't the BBC be subject to normal commercial pressures and financial discipline? The usual response to such suggestions is hysteria about adverse effects on so-called programme quality. But is *Coronation Street* worse than *Eldorado?*

Alan McCartney,
35a Wrottesley Road,
Wolverhampton WV6 8SG

Glad to leave darkest Britain

From Mr Alfred P Masondo.

Sir, I read with interest the article "Africa: Frustrating but worthwhile" by "practical traveller" Nicholas Woodsworth (January 9). As he found so many "frustrations" travelling on the so-called "dark continent", I would be very interested in knowing if it is indeed worthwhile for British tourists to travel in Africa.

Bearing in mind the many frustrations I have faced since I came to Britain, I will fortunately be leaving soon. I think the first thing I will do when I do return home to the "dark continent" is write an article entitled: "Britain - Frustrating and not worth it!"

Alfred P Masondo,
97 Tenison Road,
Cambridge CB3 1RQ

Tougher business entry regulation would give stability and strength

From Mr Duncan Heenan.

Sir, The government and other optimists often quote the number of new company registrations as a sign of growth and regeneration of industry. This ignores the fact that very many of these are "phoenix" companies, set up to acquire the assets (but not liabilities) of bust businesses, often owned by the same people who owned the previous business. There is evidence that this process is sometimes a deliberate "financial cleansing": I am sure we have all seen it.

Anyone with even 'O' level economics will know that a reasonable level of profits can only be maintained in any industry if there are barriers to entry sufficient to keep irresponsible traders out. UK company and insolvency law does nothing to help in this respect, and while it continues to allow the recycling of assets in fragmented and over competitive industries, it will delay the recovery of profits and the return of investor confidence.

I suggest that stricter criteria are needed for those starting in business and who wish to enjoy limited liability, than the £50 or so it takes to buy an off-the-shelf company. In the long run, effective measures would lead to greater stability and industrial strength in many sectors.

Duncan Heenan,
Spring Cottage,
21 Gotherington Lane,
Bishops Cleeve,
Cheltenham,
Gloucestershire GL52 4EN

A wilder swing, and luckily up

From Mr Anthony Walsh.

Sir, In the article "Serious Money" (January 9) a way of beating the Dow developed by a US fund manager, Michael O'Higgins, was described. This involved picking the five stocks with the highest yields and lowest share prices from the Dow's 30 constituents and was reported as having produced annual returns (1973-1991) of 19.4 per cent versus 10.4 per cent from the Dow Jones.

When applied to the FT-30 Index for the period 1979-1992 it showed returns of 22 per cent vs 17.5 per cent from the All Share.

Of course the explanation is that with a portfolio of only five stocks the amount of diversifiable risk is still significant, ie the higher returns are effectively the reward for higher risk, and the combined returns of the stocks will swing more wildly than that of the larger basket of the full Dow Jones or the All Share index.

Luckily they swung upwards so that Michael O'Higgins could write his book and Philip Coggan could write his article!

Anthony Walsh,
9 Roebuck Downs,
Goatstown Road,
Dublin 14Irish Republic

FNFC trims loss and seeks £46m

By John Gapper, Banking Correspondent

FIRST National Finance Corporation, the consumer credit group, yesterday announced a rights offering of £45.8m in order to rebuild its weakened capital base.

The group also disclosed a pre-tax loss for the year to end-October of £31.8m, reducing the previous year's deficit of £33.7m. It again passed its final dividend.

The issue of 47.6m convertible preference shares, at £1 each, will ensure that the company complies with the new minimum EC capital adequacy requirement for bank holding companies of 8 per cent capital to assets. It had been feared it would fall below this ratio in June, when it must repay £12m of loan stock. Up to £5m of the issue could also be used to strengthen its loss-making commercial finance arm.

FNFC said it would declare a dividend of 0.5p at the 1993 half year and a further 1p at the full year, if the issue was approved by shareholders at an extraordinary general meeting on February 8.

The group disclosed a strong improvement in its consumer credit subsidiary First National Bank for the second half. It made a full-year loss of £4.6m (£20.1m) in the year after a second half profit of £8.2m.

The commercial lending arm, First National Commercial Bank, performed badly because of a higher provision of £10m for bad loans in the second half. It made a pre-tax loss of £13.4m in the second half, taking the full-year loss to £18.9m (£8m).

The group made a loss of £54.2m after tax and extraordinary items. The extraordinary loss of £25.1m included a £3.1m write down in the value of the company's premises and a £2.3m loss on the disposal of its leisure activities.

Mr Martin Mays-Smith, chairman, said the outlook for the group was "much improved" after two years of heavy losses. The consumer credit operation was being made increasingly profitable by falls in interest rates.

The group was very sensitive to interest rate movements because it was financed principally by bank debt, and because minimum lending rates applied to consumer loans such as mortgages and advances for home improvements.

When the one month London Interbank Offered Rate averaged 10.8 per cent in December last year, the net interest income on consumer credit balances was £7.8m. When it was 7.2 per cent last month, net interest income was £9.7m.

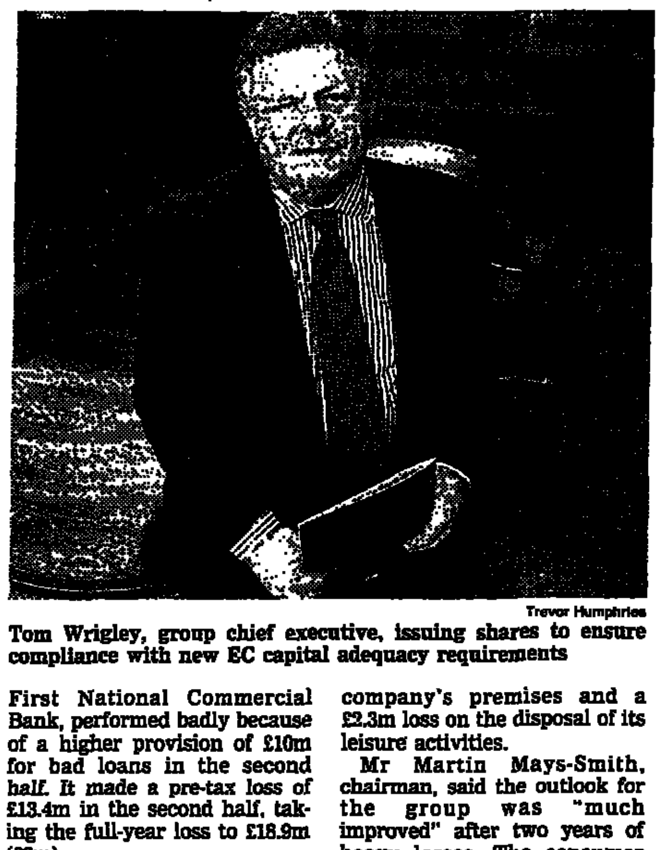
Analysts said the consumer credit business, which made loss-making loans in the late 1980s when the company faced heavy competition, was likely to continue its recovery as improved credit scoring started to take effect.

The issue, on the basis of two convertibles for every seven ordinary shares and one for every 6.72 existing convertibles, was prompted by an erosion of the group's capital base from £217m of shareholders funds in October 1990 to £135m at October 1992.

The preference shares, which have a 7 per cent net yield, will be convertible into ordinary shares at a price of 63p from May 15 this year until May 2008. They would comprise 30.4 per cent of the group's fully diluted ordinary share capital.

FNFC's shares rose from 56.5p to 71p on the announcement, and closed at 68p.

See Lex



Trevor Humphries

Tom Wrigley, group chief executive, issuing shares to ensure compliance with new EC capital adequacy requirements

Holders shun Lonrho rights issue

By Roland Rudd

LONRHO'S rights issue was shunned by most of its shareholders. The offer closed yesterday afternoon.

Shares in the international trading group rose 1p to 72p compared with the rights issue price of 85p.

Although Lonrho will not announce the results of the issue until Monday, its advisers confirmed that there had been very little take-up by shareholders.

The structure was designed to allow Mr Dieter Bock, a German financier who is underwriting half the 200m new shares, to become Lonrho's biggest shareholder. Mr Bock's stake in the enlarged group is expected to be close to 18.8 percent.

Charterhouse, which is acting for Lonrho, said it had been important to offer all the group's shareholders the same terms as Mr Bock, regardless of the expected take-up.

Other parties have until Tuesday afternoon to bid for the rights rump, which otherwise lapses. However, while there have been several expressions of interest, there have been no firm offers.

The German financier will consider whether to join the board next month. If he does take up a directorship it is expected to be as joint chief executive with Mr Tiny Rowland.

Many of Lonrho's shareholders, who have been deeply concerned about the unresolved question of the succession, believe Mr Bock will succeed the 75-year-old Mr Rowland.

Mr Paul Spicer, Lonrho's deputy chairman, said: "Mr Rowland has no present intention of retiring for at least three years."

See Lex

Airtours comes under strong attack from Owners Abroad

By Richard Gourlay

OWNERS ABROAD yesterday attacked the hostile bid launched by its rival tour operator Airtours, saying it had taken advantage of a profits fall that followed one mistake over holiday pricing at the end of 1991.

Mr Howard Klein, Owners Abroad's chairman, said shareholders should not under-play the commercial benefit of its proposed tie-up with Thomas Cook, the travel agency, which was designed to establish a pan-European tour operator.

He warned that if Airtours succeeded in its hostile £214.7m bid, it could create a duopoly in the UK market. Together Airtours and Owners Abroad would control 33 per cent of the market against the current leader Thomson's 28 per cent, according to market figures from November last year.

Alternatively it could lead to a price war and the kind of wafer-thin margins seen in the late 1980s. These had resulted in some tour operators making only 90p profit on a £230 holiday.

Referring to Airtours' share bid, which is accompanied by a partial cash alternative, Mr Klein said: "If you are looking down the barrel of that sort of thing who is going to want to take paper?"

Airtours' bid, he said, was a defensive move triggered by concern about the threat from a tie-up between Owners Abroad and Westdeutsche Landesbank, the German state bank that owns 86 per cent of Thomas Cook and 34 per cent of LTU, the German charter flights and holidays company.

Airtours had provided no evidence to show it could run a group that would have £1.2bn of sales. Nor had it justified claims that it would make "substantially" greater cost savings in 1994 and 1995 than Owners Abroad has said it would enjoy from its Thomas Cook deal.

Owners says the savings on that tie-up would be £7m and £8m in the two respective years.

There were also fundamental flaws in Airtours' stated objective of wanting to expand its Pickfords retail chain which it bought last September.

"The price war has moved from the tour operators to the retail part of the business," said Mr Klein. The deal Owners Abroad was proposing would allow shareholders to enjoy the benefit of greater access to Thomas Cook's retail outlets and brand name without having to own the chain.

Mr Klein accepted that Owners Abroad had initially set the pricing of its summer 1992 holidays too high. "Owners have got it right this year and Airtours has got it wrong in Florida and Greece," he said.

Mr David Crossland, chairman of Airtours, denies its Greek pricing is wrong.

The company had cut its Florida prices, after gaining a rebate from Owners Abroad's Air 2000 charter airline, after Owners had cut its own prices to levels that had "amazed the whole industry", he said.

Airtours' shares slipped 1p to 189p yesterday while Owners Abroad fell 2p to 113p.

Tie Rack forecasts sharp advance

By Tim Burt

THE SHARE price of Tie Rack, the tie and fashion accessories retailer, rose 11p to 83p yesterday after the company said its annual profits would be significantly ahead of market expectations.

Stronger sales in the run-up to Christmas meant that total turnover for the year to January 31 was likely to be 20 per cent up on last year's £54.6m.

Tie Rack said pre-tax profits for the year would easily exceed the £2.5m to £3.5m range forecast by sector analysts last September, when it announced interim profits of £301,000.

Sales growth in December, accounting for up to a quarter of annual turnover, was 2.5 per cent ahead of 1991 figures.

However, Mr Nigel McGinley, chief executive, sounded a note of caution, warning: "The economic climate is uncertain and consumer confidence is still low".

Ms Joan D'Olier, at County NatWest, who in September forecast a £2.9m profit, said she now expected £4.3m, while Mr Michael Holmes, at BZW – Tie Rack's broker – predicted £4.5m. Both anticipated earnings per share of at least 5p with a 1p dividend.

The forecasts compare with pre-tax profits of £1.03m last year, when earnings per share were 1.99p and the dividend 0.5p.

Further improvements in trading performance, however, have been undermined by losses in the company's US operation and slowing sales at its French outlets. Franchises in Norway and The Republic of Ireland had also been disappointing, Mr McGinley said.

Mr Holmes added: "They are trying to reduce losses in the US, where they are running non-profitable shops on five-year leases."

The company could also be hit by larger than expected tax charges, according to Ms D'Olier. Earnings in high tax countries and on UK capital investments, which were ineligible for tax relief, could leave it facing a tax rate of more than 39 per cent.

Allied-Lyons severs a Seagram trading link

By Philip Rawstorne

ALLIED-LYONS is to end the present contracts under which Seagram markets and distributes the UK group's Ballantine's Scotch whisky and other brands in France and Germany.

Seagram, which has handled the brands in France since 1964 and in Germany since 1988, has been given notice that the arrangements will be terminated on December 31.

However, talks are continuing between the groups about future distribution of the drinks, which include Courvoisier cognac, Kahlua and Tia Maria.

Seagram said yesterday that loss of the contracts would have a relatively small financial impact but the North American group, which built Ballantine's into the best-selling Scotch in France, would clearly like to retain the agency business.

It distributes some Allied brands in Korea and a few smaller Far East markets.

In the meantime, it said that arrangements had been made to ensure continuity of supply of Allied's products and it would focus its efforts on a portfolio of its own and agency brands, including Jack Daniels and Jim Beam bourbons, and Southern Comfort.

Allied said that it was still considering a number of options for distribution in France and Germany and no decision had yet been taken.

The move reflects the general trend among international spirits groups to secure direct control of their brands distribution.

Abbey National raises £150m in bond market

By Richard Waters

Abbey National yesterday raised £150m in the bond market as part of a move to further boost its capital for regulatory purposes.

At 10.5 per cent, Abbey's overall ratio of capital to assets is already comfortably ahead of most other UK banks. However, the bank said it wanted to raise new capital while it could borrow at favourable rates, rather than risking waiting until it needed the capital.

The £150m of subordinated debt, which is structured to be repaid in 2018, comes at a time when long-term borrowing in the sterling market is scarce. With the gap between short- and long-term interest rates widening, most companies have shifted towards shorter-term borrowings.

Hall shares jump 12p on news of restructuring deal

By Matthew Curtin

SHARES in Hall Engineering (Holdings), hard hit by the depressed construction and engineering industries, jumped 12p to 131p on the announcement yesterday of a £1.5m restructuring programme designed to reduce overheads and improve profits.

Kleinwort Benson, the company's broker, revised its profit forecast from £5.8m to £6.7m for the year to December 31, 1993. It added that the changes would reduce pre-tax profit to £3.9m (£5.07m) in 1992, but that the group was likely to maintain its dividend at 1.75p.

The restructuring involves depot closures at the Hall & Pickles steel stockholding and BRC steel reinforcing products arms. BRC was also forming a division to include its masonry and cladding business.

The company said the moves would improve profits by about £1.2m a year, but involved the loss of 90 jobs. Hall's workforce had fallen from 1,600 a year ago to about 1,400.

The latest changes – Hall sold BRC's South African business in September and closed its Stafford factory in June 1991 – was brought on by the collapse in demand for steel reinforcing from the construction industry, and flat demand for its engineering products.

Strong interest shown in Lilley contracting arms

By Andrew Bolger

RECEIVERS to Lilley, the Glasgow-based contracting and construction group which collapsed last week, said yesterday that offers had been received for the majority of its contracting businesses.

Mr Iain Bennet, of Price Waterhouse, said: "Even where offers have not been made for the entire business, bids have been submitted for the major contracts so that following successful sales of these contracts, value will be obtained and there is a realistic prospect of jobs being secured while these contracts are completed."

Mr Bennet said it was too early to announce the details of completed sales because negotiations were continuing over the weekend. It was hoped that the sales would be completed early next week.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
§220	F.P.	-	278	243	Critchley Group	275	+2	L6.1	2.2	3.0	19.5
100	F.P.	-	105	103	[illegible]	105		-	-	-	-
-	F.P.	-	111	101	[illegible]	111		W3.38	2.2	4.1	14.8
51	F.P.	-	68	52	[illegible]	58	-2	-	-	-	-
50	F.P.	-	57	52	[illegible]	55		KL9	2.6	4.6	10.2
-	F.P.	-	1½	1½	♦Prime People Warrants	1½		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	116½p	115½p	[illegible]	115½p	
100p	F.P.	-	106½p	105½p	[illegible]	106p	+¼
100	F.P.	-	114¼	112¼	[illegible]	113¼	-1
150p	P.P.	-	113	100p	[illegible]	105p	+5

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
[illegible]	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	P.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1
[illegible]	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	+2

[illegible]

TRADITIONAL OPTIONS

- First Dealings Jan. 11
- Last Dealings Jan. 29
- Last Declarations April 15
- For settlement April 26

3-month call rate indications are shown on page 9.

Calls in Amber Day, ASDA, Body Shop Intl., Bernard Matthews, Brent Walker Pref., Caird, Hadleigh Inds., Hartstone, Hillsdown, Kwik-Fit, Porter Chadburn, Shandwick, Telemetrix and WPP. Puts in Hadleigh Inds and Shandwick. Double in ASDA.

Ashley Ashwood

Borrie to join MGN board

By Raymond Snoddy

FURTHER evidence that Mirror Group Newspapers plans to stick to its traditional political stance came yesterday with the appointment of Sir Gordon Borrie as a non-executive director.

Sir Gordon, until last year director general of fair trading, said that he was interested in the political aspect of the newspaper group.

"I would like to see the Mirror keep left of centre in the range of its political views," said Sir Gordon, who was approached by Lord Hollick, the Labour peer, about the directorship.

Sir Gordon Borrie, a former Labour Party parliamentary candidate, gave up membership of the party when he became director general at the Office of Fair Trading in 1976.

He rejoined the Labour Party last June, soon after retiring from his OFT job and before Mr John Smith, the Labour leader, asked him to chair the Commission on Social Justice.

The Commission is meant to update the work of the Beveridge report, which provided the blueprint for the welfare state.

Sir Gordon said he looked forward to working with the MGN directors "to ensure that the company's undoubted strengths and talents are fully utilised in meeting its obligations to its employees, readers and shareholders."

Sir Gordon is going to read the Daily Mirror regularly again after a lapse of some years.

Restructuring cuts OMI's loss to £88,000

OMI International, the industrial logistics, diagnostics and optronics group, came close to break-even in the six months to September 30 as it began to feel the benefits of two years of restructuring, writes Matthew Curtin.

Pre-tax losses were reduced from £1.34m to £88,000. There was a return to operating profits with £8,000, compared with losses of £103,000 on turnover of £20.3m (£26.3m). Interest payable was £96,000, against £205,000 received.

Mr Gil Williams, chairman, said the results were as expected, adding that a recent report forecasting £400,000 pre-tax profits was not based on information released by the company or its brokers. The shares fell from 27½p to 22p

In August, the group sold its profitable technical recruitment agency and loss-making aerospace design subsidiary, which, Mr Williams said, had been a serious drain on cashflow. Average borrowings of £2m were cut to £500,000 by September 30.

Electro-Optics, the manufacturing subsidiary, increased sales by 10 per cent and improved profits. Instrumentation sales were weaker and the services division operated in a difficult market.

Losses per share improved from 3p to 0.2p and the interim dividend is held at 0.75p.

NEWS DIGEST

Ryan Hotels falls into red

A SURGE in interest charges and exceptional costs left Ryan Hotels with a pre-tax deficit of I£186,163 (£196,457) for the 12 months to October.

That compared with a profit of I£975,085 last time and came from turnover up by I£1.65m to I£21m. Losses per share were 0.59p (earnings 1.11p), or 0.42p (earnings 1.48p) on a nil basis.

Mr Conor McCarthy, chairman, said additional borrowings to fund capital expenditure had led to an increase in interest payable from I£1.72m to I£2.57m. A rise in exceptional costs, from I£82,000 to I£415,462, was the result of a series of cost-cutting programmes, he added.

Mr McCarthy also announced that, to achieve a more equal distribution of the trading results for the two halves of the year, the Dublin-based group was changing to a January year end.

To achieve this change, Ryan Hotels would be reporting on a 15-month period from November 1991 to January 1993. At this stage the question of a final dividend would be considered, the chairman said. A final of 0.5p was paid last time.

Zetters slips 5% to £427,000

Zetters Group, the football pools operator, returned pre-tax profits of £427,000 for the half year ended September 30, a downturn of 5 per cent on last time's £451,000.

Pools turnover dipped by just 1.5 per cent to £10.63m (£10.8m) while that of competitions and marketing fell to £88,000 (£232,000).

The interim dividend is a same-again 4p and is being paid from earnings of 4p (4.1p).

Profitability of the spot the ball competition, which is run in partnership with Littlewoods and Vernons pools, was "very satisfactory" but the telephone-related and other services did not meet expectations.

British Bloodstock cuts loss to £311,000

In what was probably the most difficult year for the international bloodstock industry, The British Bloodstock Agency managed to reduce pre-tax losses from £412,000 to £311,000 in the six months to September 30.

Mr Christo Philipson, chairman of the USM-quoted company, said that the result was encouraging and due mainly to a reduction in overheads.

Turnover for the period was £1.67m (£1.87m). Losses per share were 8.1p (10.1p).

Chartwell incurs £137,000 loss

Chartwell Group, the USM-quoted maker of carpet tiles and cubicles for the contract market, ran up a loss of £137,000 pre-tax for the half year to September 30 against previous profits of £41,000.

The directors blamed the prolonged recession for the downturn and pointed out that economic conditions had become tougher during the current year.

Turnover of continuing operations fell to £3.1m (£4.59m). Losses per share were 1.5p, against earnings of 0.4p.

Flat year for LPA Industries

Profits of LPA Industries remained virtually static at £477,000 pre-tax for the 12 months ended September 30. Turnover slipped marginally from £6.49m to £6.24m.

Exports totalled £997,000, an increase of 24.5 per cent.

A final dividend of 1.87p makes a 3.52p (same) total. Earnings were at 3.53p (3.69p).

The USM-quoted company manufactures industrial electrical accessories.

Investment Co lower at £535,000

The Investment Company, the ultimate holding company of which is New Centurion Trust, saw its net asset value improve from 36.53p to 39.48p over the six months to September 30. The figure was 36.65p a year previously.

In the six months to the end of September pre-tax profits were £535,000 (£592,000). Earnings per share came out at 1.4p (1.47p). And the interim dividend is being raised to 0.5p (0.375p) to improve the balance between the interim and final payments.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
First Leisure	fin	nil	-	4.26	nil	6.14
Investment Co	int	0.5	Mar 31	0.375	-	1.375
LPA §	fin	1.87	Feb 17	1.87	3.52	3.52
OMI	int	0.75	Mar 1	0.75	-	1.75
Zetters	int	4	Feb 26	4	-	8

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

Shares advance as market welcomes better-than-expected figures

Prudential new UK business up 13%

By John Authers

PRUDENTIAL Corporation, the life assurance group, reported a 13.3 per cent increase in UK new business last year. New business outside the UK, partly boosted by currency movements was up by 11.7 per cent, although most of this was accounted for by the sterling's devaluation.

The market welcomed the figures, which were better than expected, and the shares closed at 296p, up 9p on the day.

Single premium products performed far more strongly than regular premiums, which were damaged by low consumer confidence. Total UK single premium business increased from £1.41bn to £1.97bn, while annual premiums failed to keep up with inflation, rising from £320m to £325m.

Mr Peter Nowell, group chief actuary, attributed the single premium rise to increased pension transfer business, caused by people moving jobs or taking early retirement.

Annual life premiums fell from £136m to £126m, but life single premiums more than doubled to £846m. This was almost entirely due to sales of the Prudence Bond, the Prudential's single-premium with-profits bond, which took in £835m.

Mr Roman Cizdyn, an analyst at Smith New Court, said that both pension transfers and the Prudence Bond should be more profitable than most single premium products, as it was difficult for customers to surrender the policies. The company's right to make a market value adjustment on pay-outs from the Prudence Bond meant that it should not impose a great capital strain, he said.

● Scottish Mutual, the life assurance company wholly owned by Abbey National saw total new business of £179.4m for 1992, up 29 per cent from 1991's £139.4m.

Total single premiums rose 41 per cent to £158.1m, while regular premiums fell 21 per cent to £21.2m. This was a sharper drop than that experienced by the few companies which have so far reported, but Mr Cizdyn said he believed it would prove to be in line with the industry trend.

● United Friendly, the life assurance group, announced an increase in annual premium business from £20.6m to £25.9m. This change, starkly against the industry trend, was attributed to sharply increased agency sales.

The company may also have benefited from switches from other companies, following the decision of some rivals to raise their minimum premiums. Single premium business, again helped by pension transfers, more than doubled from £20.4m to £41.9m.

The shares rose 9p to close at 513p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 16.01.93: Pool purchase price £/MWh	Final Prices for Trading on 15.12.92: Pool purchase price £/MWh	Final Prices for Trading on 15.12.92: Pool selling price £/MWh
0030	17.49	18.57	18.57
0100	24.39	29.46	31.42
0130	24.69	29.46	31.35
0200	24.39	29.46	31.32
0230	22.71	27.30	29.09
0300	22.52	22.73	24.37
0330	20.39	22.33	23.96
0400	20.29	17.88	17.88
0430	17.52	17.71	17.71
0500	17.48	17.71	17.71
0530	17.49	17.69	17.69
0600	17.49	17.69	17.69
0630	17.49	17.69	17.69
0700	17.49	17.72	17.72
0730	17.49	17.88	17.88
0800	17.49	17.88	17.88
0830	19.83	22.59	24.30
0900	20.34	22.59	24.29
0930	21.54	23.09	24.79
1000	22.65	23.94	25.67
1030	22.65	23.94	25.67
1100	24.44	23.94	25.67
1130	24.44	23.09	24.79
1200	22.65	22.61	24.29
1230	22.65	22.61	24.29
1300	21.54	22.61	24.30
1330	21.07	22.61	24.30
1400	17.71	19.95	19.95
1430	17.48	19.38	19.38
1500	17.47	19.38	19.38
1530	17.48	19.89	19.89
1600	17.48	20.38	20.38
1630	17.49	23.43	25.12
1700	27.03	26.03	27.77
1730	27.03	26.03	27.74
1800	27.03	26.03	27.73
1830	27.03	26.03	27.72
1900	24.84	26.02	27.71
1930	22.80	23.79	25.42
2000	22.80	23.34	24.97
2030	21.92	23.34	24.98
2100	21.92	23.34	24.99
2130	21.92	20.38	20.38
2200	17.52	19.40	19.40
2230	17.46	19.25	19.25
2300	17.45	17.88	17.88
2330	17.42	17.88	17.88
2400	17.45	17.72	17.72

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456788 between 8:30am and 5:15pm Monday to Friday.

©NGC Settlements Limited

هكذا من الأصل

ECONOMIC DIARY

TODAY: National Savings results (December). Conference in Paris on future of European social democracy chaired by Mr Jacques Delors, chairman of the European Commission. Several European socialist leaders expected to attend (until January 17).
TOMORROW: Israeli High Court hearing on the legality of the expulsion of 400 Palestinians to Lebanon.
MONDAY: European Community economic and financial and fisheries councils meet in Brussels. Start of two-day meeting of the European Community's agriculture council. European parliament in session (until January 22).
TUESDAY: CBI survey of distributive trades (December). Public sector borrowing requirement (December). US industrial production and capacity use (December). Gatt talks resume in Geneva.
WEDNESDAY: Retail sales (December). Mr Bill Clinton inaugurated as 42nd president of United States. Commonwealth of Independent States prime ministers meet in Minsk. South African government and African National Congress open five days of bilateral talks on problems relating to South Africa's democratic future. Trilateral meeting of European Commission, EC Council and European Parliament in Strasbourg to seek inter-institutional agreement.
THURSDAY: Labour market statistics: unemployment and unfilled vacancies (December – provisional); average earnings indices (November – provisional); employment, hours, productivity and unit wage costs; industrial disputes. Index of production (November). Bundesbank central council meeting. CBI publishes budget proposals.
FRIDAY: US housing starts (December). Formal peace talks between the Philippine government and army rebels. Second in series of stoppages planned by TSB Bifu members in protest at job cuts.

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allid Lyons (*605)	600	16	35	52	10	21	36
	650	2½	17	27	45	52	66
ASDA (*64)	60	5	10½	14	2	5½	7
	70	2	5	10	7	10	13
Brit. Airways (*269)	260	16	28	32	3½	11	20
	280	4	17	22	13	21	32
SmKl Bchm A (*476)	460	-	39	54	-	16	23
	650	2½	17	5	45	175	175
Boots (*502)	500	12	30	39	9	18	32
	550	2	10	19	50	52	62
B.P. (*228)	220	10	16½	22	3½	10	14
	240	12	8	13½	16	21	24
British Steel (*62)	60	4	9	12	3	6	9
	70	1	5	8	9	12	15
Bass (*598)	550	53	67	80	2	10	18
	600	12	36	48	14	27	39
C & Wire (*711)	700	20	47	65	10	25	42
	750	3	23	38	45	53	67
Courtaulds (*568)	550	28	46	60	5	18	29
	600	3	20	34	30	42	58
Com. Union (*612)	600	22	34	46	6½	25	36
	650	3	13	26	42	59	66
Fisons (*230)	220	15	30	37	5½	18	29
	240	5½	20	29	15	28	38
GKN (*455)	420	37	45	52	2	14	22
	460	8	20	30	13	36	42
Grand Met. (*419)	390	31	44	56	2	10	18
	420	10	28	38	10½	23	32
I.C.I. (*1102)	1100	21	49	77	18	69	83
	1150	5	25	56	54	103	115
Kingfisher (*554)	550	12	35	47	9	22	38
	600	2	13	27	48	55	68
Ladbroke (*187)	180	12	23	28	4½	15	22
	200	3	13	19	16	26	34
Land Secur (*436)	420	24	34	41	2	7	19
	460	3	13	17	23	38	43
M & S (*316)	300	20	30	35	2	7	14
	330	3	12	19	15	21	28
Sainsbury (*563)	550	19	39	50	6	19	29
	600	2	15	28	39	46	57
Shell Trans. (*531)	500	34	36	48	2	12	17
	550	2½	10	22	21	39	34
Storehouse (*207)	200	10	20	27	3	10	16
	220	3	10	18	15	22	27
Trafalgar (*88)	80	10½	15	18	1½	4	7½
	90	3	9½	13½	4½	8½	11
Utd. Biscuits (*355)	330	28	35	36	2	12	16
	360	5	14	21	12	28	33
Unilever (*1067)	1050	25	49	68	11	35	45
	1100	4	25	45	40	66	74
Option		**Feb**	**May**	**Aug**	**Feb**	**May**	**Aug**
Brit Aero (*182)	180	18	28	33	22	35	38
	200	11	19	26	37	49	55

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
BAA (*772)	750	39	62	69	12	24	36
	800	14	33	45	36	49	58
BAT Inds (*977)	950	48	63	80	17	44	54
	1000	23	38	57	44	73	85
BTR (*546)	500	52	56	63	2½	10	15
	550	15	23	35	15	32	36
Brit. Telecom (*386)	360	33	42	46	3½	7	13
	390	11½	23	28	11	18	26
Cadbury Sch (*457)	420	42	47	54	3½	12	17
	460	15	23	33	17	31	36
Eastern Elec (*435)	430	16	-	-	15	-	-
	460	7	18	24	35	40	52
Guinness (*469)	460	24	37	49	12	24	32
	500	9	19	29	37	48	54
GEC (*268)	260	15	22	37	5	9	14
	280	5½	12½	16½	15	18½	25
Hanson (*240)	220	22	25½	28½	2½	5	8
	240	8	13½	17	8	13½	17
LASMO (*141)	140	12	17	22	9	17	22
	160	5	9	15	22	31	34
Lucas Inds (*145)	140	15	22	26	9½	16	21
	160	7	12½	18	23	29	32
P. & O. (*519)	500	35	48	57	16	37	45
	550	11	26	35	47	69	77
Pilkington (*106)	100	12	19	21	5½	9½	14
	110	7½	14	17	10	15	20
Prudential (*295)	280	20	27	30	5	12	16
	300	8½	15	20	14	24	27
R.T.Z. (*656)	650	30	42	60	20	39	50
	700	12	23	40	47	70	79
Scot. & New (*437)	420	28	42	48	7	13	23
	460	8½	22	27	28	36	45
Tesco (*266)	260	15	21	29	7	14	18
	280	6	12	18	18	26	29
Thames Wtr (*493)	460	40	52	58	4	9	17
	500	14	27	32	18	24	36
Vodafone (*413)	390	33	47	55	7½	15	23
	420	15	29	40	21	30	36
Option		**Mar**	**Jun**	**Sep**	**Mar**	**Jun**	**Sep**
Abbey Nat. (*364)	360	22	29	38	17	24	30
	390	8	15	24	38	44	47
Amstrad (*23)	20	5	6	7	1½	2½	3
	25	2	3½	4	3½	5	5½
Barclays (*373)	360	32	40	45	24	30	37
	390	16	25	32	42	48	55
Blue Circle (*196)	180	28	33	42	9½	18	23
	200	17	23	31	18	30	34
British Gas (*277)	260	25	27	31	5	10	12
	280	12	15	20	11	19½	23
Dixons (*225)	220	18	28	31	14	20	26
	240	11	18	22	26	32	37
Eurotunnel (*389)	360	49	64	78	14	27	37
	390	27	49	60	25	43	48

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Glaxo (*710)	700	44	69	89	32	48	57
	750	24	47	66	66	75	84
Hillsdown (*145)	140	18	22	25	10½	20	22
	160	7½	14	18	23	33	34
Lonrho (*72)	70	8	11½	14	7	10½	13
	80	4	7½	10	13½	17	19
HSBC 75p shs (*528)	500	51	61	70	22	33	45
	550	24	37	50	51	63	74
Natl Power (*292)	280	19	30	33	8½	14	19
	300	9½	19	24	19	24	31
Reuters (*1376)	1350	87	114	145	57	82	104
	1400	60	90	122	90	112	130
R. Royce (*107)	100	13	16	19½	7½	9	12½
	110	8	11½	15½	12½	15½	18
Scot Power (*229)	220	12½	20	24	6	9	14
	240	4	10	14	19	21	25
Sears (*97)	90	13	16	18	3	6½	7
	100	8	10	13	6	12	14
Forte (*181)	180	15	18	23	13	22	25
	200	7½	11	15	26	35	38
Thorn EMI (*863)	850	46	70	81	23	33	52
	900	24	44	56	49	58	77
TSB (*160)	160	8½	12	17	11	16	19
	180	2½	6	8½	28	29	31
Vaal Reefs (*$29)	25	5½	6	6	2½	3	3½
	30	2½	4	4	5½	6	7½
Wellcome (*912)	900	56	80	105	38	57	68
	950	35	56	83	67	88	93

EURO FT-SE INDEX (*2761)

	2625	2675	2725	2775	2825	2875	2925	2975
CALLS								
Jan	139	89	39	½	½	½	½	½
Feb	167	125	88	59	37	20	11	6
Mar	186	-	115	-	64	-	31	-
Jun	233	-	168	-	116	-	74	-
Sep	265	-	202	-	152	-	108	-
Dec	319	-	256	-	202	-	156	-
PUTS								
Jan	½	½	½	13	63	113	163	213
Feb	15	25	38	59	86	121	161	206
Mar	30	-	56	-	103	-	169	-
Jun	60	-	90	-	136	-	192	-
Sep	72	-	103	-	147	-	198	-
Dec	106	-	136	-	176	-	224	-

FT-SE INDEX (*2761)

	2600	2650	2700	2750	2800	2850	2900	2950
CALLS								
Jan	164	114	64	14	½	½	½	½
Feb	188	145	105	73	46	26	14	7
Mar	207	167	130	100	73	52	35	23
Apr	226	185	152	120	95	72	53	38
Jun †	251	-	182	-	127	-	82	-
PUTS								
Jan	½	½	½	½	38	88	138	188
Feb	13	18	29	47	73	103	143	192
Mar	24	35	48	67	92	122	156	196
Apr	36	48	62	80	106	133	167	205
Jun †	53	-	83	-	128	-	187	-

January 15 Total Contracts 47,202
Calls 22,337 Puts 24,865
FT-SE Index Calls 4,691 Puts 2,798
Euro FT-SE Calls 896 Puts 490
*Underlying security price. † Long dated expiry mths
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p
Allied-Lyons	50
Amstrad	3½
Astec (BSR)	3½
BAT Inds	75
BOC	56
BTR	41
Barclays	30
Blue Circle	22
Boots	42
Bowater	40
Brit Aerospace	24
British Steel	8
BT	28
Cadburys	38
Charter Cons.	52
Comm Union	52
Courtaulds	48
Eurotunnel	30
FKI	12
FNFC	7
Forte	14
GKN	40
Gen Accident	31
GEC	22
Glaxo	55
Grand Met	40
GRE	15
Hanson	20
ICI	75
Ladbroke	15
Legal & Gen	38
Lex Service	19
Lloyds Bank	45
Lonrho	7
Lucas Inds	13
Marks Spencer	25
NatWest Bank	30
P & O Dfd	40
Racal Elect	12
RHM	14
Rank Org	53
Ratners	3
Reed Intl	52
Sears	9
SmKl Bchm A	40
TI	28
TSB	12
Tesco	20
Thorn EMI	70
T & N	15
Unilever	72
Vickers	9
Wellcome	75
PROPERTY	
Brit Land	7
Land Sec.	40
MEPC	30
OILS	
Aviva Pet	5
BP	21
Burmah Castrol	60
Conroy Pet	6
Gaelic Res	½
Premier Cons	2½
Shell	36
MINES	
RTZ	52

FT FIXED INTEREST INDICES

	Jan 15	Jan 14	Jan 13	Jan 12	Jan 11	Year ago	High *	Low *
Govt Secs (UK)	93.60	93.49	93.43	93.31	93.36	87.74	95.54	85.11
Fixed Interest	108.87	108.80	108.91	108.84	108.98	99.90	110.25	97.15

* for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Jan 14	98.7	96.8
Jan 13	96.2	97.1
Jan 12	90.6	99.3
Jan 11	103.1	102.2
Jan 8	95.2	99.2

* SE activity indices rebased 1974

COMMODITIES

WEEK IN THE MARKETS

Dutch discourage gold business

THE GOLD market is much more scared of central bank selling and currency fluctuations than anything going on in the Middle East. So said one dealer on the London bullion market, succinctly summing up a week in which Iraq came once again under allied attack and the Dutch central bank revealed it had sold 400 tonnes of the yellow metal worth more than $4bn over the last few months.

Yesterday gold was fixed in the morning at a fresh seven-year low of $327.45 a troy ounce, reflecting market concern that the Dutch sales, which were equivalent to about 20 per cent of all gold mined in the western world last year, could lead to further selling by other central banks. Between them they have 35,500 tonnes in their vaults, which represents 15 years of production from today's mines.

The Dutch action did not represent a panic sale, but had been taken after several months' deliberation, according to Mr Andy Smith, analyst at the Union Bank of Switzerland. "It was premeditated. It was strategic, not tactical, yet the bank sold when the price was near seven-year lows. The gold market will be asking: which bank will be next?"

The market reacted to Tuesday's announcement with relief that so much gold had been quietly absorbed. The price moved above $330, but its failure to hold above that level in the face of producer selling is causing concern among chart watchers.

Gold closed at $327.85 a troy ounce in London yesterday, off $1.40 on the week.

The gold market is not alone in being unfazed by Wednesday's allied attack on Iraq – two years ago the mere threat of air strikes against the country was enough to drive oil prices sharply higher. On Wednesday the initial news pushed Brent crude for March delivery up 30 cents, but the market quickly retreated, and the price ended the day unchanged at $17.10 a barrel.

Production disruptions in the North Sea because of the bad weather should also have been bullish for oil. Instead, this merely underlined the weakness of the market. Stocks are high, the Organisation of Petroleum Exporting Countries (Opec) shows little sign of staunching supply, and demand remains depressed.

The Brent price – already down $1 since the beginning of the year – could decline further to $16 a barrel before the mid-February Opec meeting, some analysts predicted.

However, yesterday in late trading the March price was at $17.57, ahead 25 cents on the day and 5 cents on the week, not so much because of tension in the Gulf but because of the Middle Eastern tour next week by Mr Alirio Parra, Opec president, in a search for consensus on possible production cuts.

On the London Metal Exchange copper surrendered the gains made last week, when three-month metal was at one stage close to $2,400 a tonne on the back of persistent Chinese buying. But on Monday the Chinese changed tactics and sold heavily. Speculative liquidation added to the battering, and three-month copper dropped below $2,200 a tonne.

Analysts said further losses were possible, and would not rule out a move to $2,000 a tonne. Last night three-month copper closed at $2,214 a tonne, down $157 on the week.

The turmoil in copper unsettled the other base metals except for aluminium, which has been supported by news of a series of smelter cuts because of power supply problems at the Bonneville Power Administration on the Pacific west coast of America.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+12,500	to 1,601,325
Copper	+3,425	to 309,900
Lead	−75	to 230,050
Nickel	+1,122	to 73,968
Zinc	+1,275	to 496,050
Tin	−40	to 15,640

A drought in the area has forced the BPA to reduce power supplies to smelters by 25 per cent until the end of next month. There are 10 smelters in the area with a combined capacity of 1.5m tonnes, equivalent to about 10 per cent of western production. So far five have shut down annual capacity totalling about 219,000 000 tonnes.

Analysts suggested that any smelters which made cuts would not restore production for at least six months because of the cost and complexity of shutting down potlines.

However, Mr Angus MacMillan, research manager at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group, questioned whether the closures would be sufficient to sustain a price rally when LME stocks were at record levels. He also suggested that the cuts had already been discounted in the price.

Inespal, Spain's biggest producer, yesterday announced plans to close one production line at each of two plants for a year, but the news again failed to impress the market.

LME warehouse stocks yesterday rose by a further 12,500 tonnes to 1.6m tonnes. Cash aluminium closed at $1,215 a tonne, up $30.5 on the week.

In London's softs sector, cocoa has moved above the key £705-a-tonne level. The mood in the cocoa market appears constructive, partly on chart formations, partly on talk that Ivory Coast is already well sold, and partly on the high level of grindings reported this week. Yesterday the US fourth-quarter grind was announced up 15.3 per cent on the previous fourth quarter at 84,962 tonnes. Earlier in the week the UK fourth-quarter grind was reported 18.7 per cent ahead, while the German grind, which was expected to show a slight fall, was up a surprising 17.7 per cent.

Yesterday May cocoa closed unchanged at £728, up £25 on the week, as the market consolidated its gains.

However, robusta coffee yesterday lost most of the gains made earlier in the week, depressed by a sharp fall in early New York trading.

David Blackwell

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Jan 15	Day's change %	Thu Jan 14	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	127.64	+0.17	128.02	1.68	0.71
2	5-15 years (23)	145.74	+0.20	145.45	2.86	0.00
3	Over 15 years (8)	151.11	+0.31	150.65	2.40	0.00
4	Irredeemables (6)	170.17	+0.14	169.94	1.91	0.00
5	All stocks (61)	141.80	+0.20	141.73	2.40	0.26
	Index-Linked					
6	Up to 5 years (2)	183.22	+0.07	183.10	1.14	0.00
7	Over 5 years (11)	164.57	+0.02	164.54	0.70	0.31
8	All stocks (13)	165.88	+0.02	165.84	0.75	0.27
9	Debs & Loans (62)	123.91	−0.03	123.95	2.95	0.12

AVERAGE GROSS REDEMPTION YIELDS

			Fri Jan 15	Thu Jan 14	Year ago (approx.)	1992/93 High	1992/93 Low
	British Government						
1	Low	5 years	7.02	7.03	8.77	10.03 15/9/92	6.80 9/11/92
2	Coupons	15 years	8.31	8.35	9.19	9.72 1/4/92	8.06 12/11/92
3	(0%-7¾%)	20 years	8.59	8.62	9.19	9.72 1/4/92	8.34 12/11/92
4	Medium	5 years	7.45	7.49	9.57	10.28 1/4/92	7.11 11/11/92
5	Coupons	15 years	8.77	8.79	9.27	9.82 1/4/92	8.47 11/11/92
6	(8%-10¾%)	20 years	8.98	9.00	9.22	9.76 1/4/92	8.71 12/11/92
7	High	5 years	7.68	7.71	9.81	10.50 1/4/92	7.35 9/11/92
8	Coupons	15 years	9.05	9.07	9.35	9.96 1/4/92	8.76 11/11/92
9	(11%-)	20 years	9.14	9.15	9.28	9.90 5/10/92	8.87 11/11/92
10	Irredeemables (Flat Yield)		8.95	8.95	9.42	9.92 2/4/92	8.69 11/11/92
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	2.51	2.77	3.89	5.06 16/9/92	2.25 11/11/92
12	Inflation rate 5%	Over 5 yrs.	3.84	3.89	4.29	4.76 16/9/92	3.67 30/10/92
13	Inflation rate 10%	Up to 5 yrs.	1.63	2.00	3.20	4.23 16/9/92	1.50 13/11/92
14	Inflation rate 10%	Over 5 yrs.	3.64	3.72	4.10	4.56 16/9/92	3.49 30/10/92
15	Debs &	5 years	8.90	8.98	11.01	11.51 6/4/92	8.62 11/11/92
16	Loans	15 years	9.89	9.88	10.78	11.22 6/4/92	9.68 11/11/92
17		25 years	10.05	10.04	10.60	11.02 6/4/92	9.93 11/11/92

Wolters Kluwer acquires leading Swedish publisher

By Ronald van de Krol in Amsterdam and Christopher Brown-Humes in Stockholm

WOLTERS Kluwer, the Dutch publisher, has acquired Liber, Sweden's second largest publishing house, from a group of Swedish institutional shareholders, in a move designed partly to serve as a springboard for expansion into other Scandinavian markets.

The acquisition will be paid for in cash but no further financial details were disclosed yesterday. However, Procordia, the food and pharmaceuticals group which owned 28 per cent of Liber, said it would make a capital gain of SKr350m ($48.3m) on its investment, while Nordic Capital, with 20 per cent, said its capital gain would be SKr200m. Other Swedish institutions sold stakes of 20 per cent or less.

Liber, which generated 1992 sales of SKr1.3bn and employs a workforce of 850, is estimated to have up to 60 per cent of Sweden's textbook market. It is also active in legal and information publishing.

The acquisition is the first by Wolters Kluwer in Scandinavia and gives it access to its eighth national market in Europe. The purchase will also mean that non-Dutch activities represent around 63 per cent of Wolters Kluwer's business, surpassing a target of 60 per cent which the company had originally hoped to achieve in 1994.

Wolters Kluwer, which is also active in the US, had sales of Fl 2.3bn ($1.3bn) in 1992.

Mr Cornelis Brakel, a member of Wolters Kluwer's board, described the Liber deal as a "springboard for possible activities and acquisitions in Norway, Finland and Denmark".

He said that the Swedish company could teach other Wolters Kluwer companies about their expertise in educational publishing, while Liber itself would benefit from the Dutch group's legal and fiscal publishing experience in the Netherlands, Belgium, France and Germany.

Wolters Kluwer remained interested in further acquisitions, particularly in countries that will eventually join the European Community, he said.

● Wessanen, the Dutch foods group, is negotiating to buy Fastfood International (FFI), which has a Fl 165m turnover and employs 550. FFI makes and markets frozen foods, mainly for sale in the Netherlands, Belgium and Germany.

Molson sale nets Foster A$50m

By Kevin Brown in Sydney

FOSTER'S Brewing Group will realise a pre-tax profit of about A$50m (US$33.5m) on the sale of a 10 per cent stake in Molson Breweries, its Canadian joint venture with Molson Companies of Toronto.

The sale, announced in North America on Thursday, is part of a three-way deal between Australia-based Foster's, Molson Companies and Miller Brewing, the Milwaukee beer company owned by the Philip Morris food and tobacco group.

Foster's said it would receive C$169m (A$192m) for the 10 per cent stake in Molson Breweries. Miller is buying a further 10 per cent stake from Molson Companies, leaving the joint venture partners with 40 per cent each.

The deal gives Miller the marketing and distribution rights to both Foster's and Molson beers in the US. Foster's said Miller had undertaken to increase marketing efforts for both companies' beers.

Mr Ted Kunkel, Foster's chief executive, said the deal was a response to the North American Free Trade Agreement (Nafta), which liberalises trade between the US, Canada and Mexico.

He said he would be "disappointed" if the deal failed to bring about a "significant" increase in Foster's US market share of about 1 per cent.

Mr Kunkel said the deal would reduce Molson's contribution to Foster's net profits in the short term, but he was confident that royalty payments from Miller would exceed the lost profits in the medium term. Foster's is attempting to restructure itself as a pure brewing operation, but has been unable to dispose of many non-brewing assets.

Earnings rise at Adidas as home sales fall

ADIDAS, the German sports goods maker majority owned by Bernard Tapie Finance of France, said its domestic earnings improved in 1992, despite lower domestic sales, Reuter reports.

A spokesman for Adidas confirmed reports that domestic sales fell 19 per cent to DM620m ($390m) for 1992, while domestic earnings rose. The company's share of the German sports shoe market declined by 6 per cent to around 35 per cent, the spokesman said.

He gave no further details of the 1992 performance ahead of publication of the results statement, scheduled for February. For 1991 the Adidas group made a net profit of DM50m, against DM15m a year earlier.

Pacific BBA stands firm on bid price for Siddons

By Kevin Brown

PACIFIC BBA, a subsidiary of BBA, the UK toolmaker, yesterday said it would not increase its A$88m (US$59m) takeover offer for Siddons Ramset, the Australian hardware and fasteners group.

The announcement leaves the field clear for a rival bid by W.A. Deutsher, an Australian subsidiary of Illinois Tool Works, the US engineering group, which has offered shareholders A$94m.

Mr Graham Kraehe, Pacific BBA managing director, said the company's A$1.81 a share offer would remain open, but would not be increased or extended beyond the existing deadline of January 27.

Mr Kraehe said the offer was "good for the shareholders of both companies, but any increase would not necessarily be in the best interests of Pacific BBA shareholders".

He said Pacific BBA intended to pursue other expansion plans with an Asian focus. "It is important that we allocate our resources where we expect to gain the best long-term benefits," he said.

The W.A. Deutsher offer is conditional on 90 per cent acceptance by shareholders. It has been rejected by Siddons' board.

● Independent directors of Arnotts, the Australian biscuit maker, yesterday advised shareholders to reject the increased takeover offer from Campbell Soup. The US foods group has raised its bid from A$8.80 a share to A$9.50, valuing Arnotts at just under A$1.3bn.

Charge to give Dow Chemical loss for year

By Karen Zagor in New York

DOW Chemical, the second biggest US chemicals group, yesterday warned of a disappointing fourth quarter and unveiled a $430m pre-tax charge against 1992 earnings.

The charges are to cover restructuring moves, including job cuts and plant closures.

Mr Enrique Falla, Dow executive vice president, said: "Business conditions in basic chemicals and plastics continue to remain disappointing, particularly in Europe where margins are negative."

This softness will be reflected in fourth-quarter results, "which we now expect to be weaker than previously expected", he said.

Like much of corporate America, Dow is also adopting new accounting standards. It now expects to post of loss of $1.70 to $1.90 a share for the whole of 1992.

In 1991, Dow took special pre-tax charges of $370m which led to a fourth-quarter loss of $94m, or 35 cents a share. For the whole of 1991, Dow earned $935m or $3.46 a share.

Analysts expect group 1992 fourth-quarter earnings from continuing operations of about 40 cents a share.

Dow said its 1992 special charges reflect asset write-offs and write-downs, plant shutdowns, divestitures and the consolidation of a variety of business activities globally. Costs related to workforce reductions have also been included in the charge.

The company recently announced a management shake-up aimed at creating more flexibility in the management structure and improving international competitiveness.

Henry Birks may seek protection

HENRY BIRKS, Canada's oldest jewellery and giftware chain, is expected to seek protection from creditors while it works out a financial restructuring with outside investors, writes Robert Gibbens from Montreal.

Birks, with 120 retail outlets across Canada and a manufacturing operation, has already pulled out of the US and closed many Canadian stores. The company is understood to have nearly C$100m ($78m) of borrowings.

The recession is mainly responsible for Birks's problems.

Escada teeters on solvency catwalk

David Waller on the fashion house's struggle for survival in the 1990s

ESCADA clothes are still fashionable – but shares in the German company are anything but.

Since the beginning of the year, Escada's ordinary shares have tumbled by more than 20 per cent and at yesterday's closing price of DM108 ($66.69) they stand at about an eighth of last year's high point of DM855.

Escada has denounced the share collapse as unjustified and rebutted widespread rumours that it was on the verge of insolvency.

However, last week the company confirmed that it is in serious financial difficulties. A third of its equity is to be wiped out as a result of operating losses in the year ended October, it said.

Operating losses are likely to be in the region of DM100m, following net profits of DM45m in 1990-1991 and DM58.7m the year before. Escada said it would have to sell one of its major subsidiaries in a bid to plug the hole in its balance sheet.

It did not name the subsidiary, but the most likely candidate is the 80 per cent-owned St John Knits, the high quality knitwear business bought in 1989. Analysts calculate that the sale of the stake in the California-based company will raise DM80m, compared to a purchase price of about DM30m.

Escada, founded by the late Mrs Margaretha Ley (she died in June last year) and her husband Wolfgang in 1976, was one of the great success stories of German business in the mid to late 1980s.

It was enthusiastically received when it came to the stock market in 1986 and between 1989 to 1991 its sales doubled to DM1.36bn, reflecting a sequence of acquisitions designed to supplement the core high price labels Escada and Laurel.

Margaretha Ley: designed a German business success story

At the heart of the company's success were the clothes designed by Mrs Ley herself and marketed under the Escada label. Flashy, bright, energetic, colourful and expensive, they were at one with the spirit of the 1980s, redolent of self-confidence and success.

The spirit of the age has changed, and the St John Knits clothes – expensive but subdued – are more attuned to a time when the seriously rich do not want to flaunt their wealth.

It is a measure of the company's difficulties that this profitable and successful business is now up for sale.

Ironically though, it is not a falling away in demand for the Escada label which has led to the current crisis. Analysts say that such clothes have not lost their cachet with women for whom money is no object and the brand is still highly sought after.

It accounted for 41 per cent of group turnover in 1991: details for 1992 are not yet available although the company said last week that group turnover held firm at 1991 levels despite the downturn.

As with many companies in the UK and the US, Escada owes its current troubles as much to the after-effects of over-expansion in better days as the downturn itself.

In 1987 it made its first acquisition with the purchase of Schneberger followed by Kemper, a high-quality coatmaker, a year later. It also bought the licence to distribute Cerruti in Germany plus the stake in St Johns Knits. These deals were followed by the purchase of Blusen Neumann in 1991, a company which makes inexpensive blouses and everyday clothes.

At the same time, Escada moved into retail, opening a network of boutiques to sell its top products. These shops are thought to contribute DM50m to sales.

In 1990-1991, profits fell by 23 per cent, reflecting reduced sales as recession took effect, especially in the US. In the latter part of the last financial year, the downturn finally caught up with the domestic German market, taking management by surprise as the company said last week. The more price-sensitive brands have been particularly badly hit, analysts believe.

Profits were hit by a simultaneous "cost explosion", as the company struggled to integrate its acquisitions. A new logistics centre at Poing near Munich will open this summer, two years later than planned.

The company took steps to remedy the problems – in the last six months appointing two new board members to look after distribution and organisation, and a thorough cost-reduction programme is underway – but this not enough, as last week's statement showed.

Further details will be available in a shareholders' circular later this month. It is possible that the company will be able to report a profit for the current year if it holds St John Knitwear on its books to the year-end. In 1993-1994, analysts think the company will be in the red again.

Thus – despite the huge fall in the share price – it could be well into 1994 before the shares once again become fashionable.

Spectra-Physics to sell US subsidiary for $69m

By Christopher Brown-Humes in Stockholm

SWEDEN's Spectra-Physics AB is selling one of its US subsidiaries for $69m in a move aimed at reducing group borrowings and focusing more on core businesses.

The purchaser of Spectra-Physics Analytical is the Massachusetts-based group, Thermo Instrument Systems, a specialist in making instruments which are used to detect and monitor air pollution, radioactivity and other substances.

The sale comes two and a half years after Pharos, as Spectra-Physics was formerly known, acquired the US group Spectra-Physics and more than doubled its size.

The group became heavily indebted following the purchase, and a big outstanding dollar loan has increased in krona terms following the Swedish currency's effective devaluation.

Spectra-Physics, which is 80 per cent owned by Nobel Industries, specialises in laser technology, microwave technology and industrial measurements. The unit being sold manufactures and sells liquid chromatography analytical instruments and data systems used in quality testing and research laboratories.

Westinghouse Electric and GE Capital talks fail

By Martin Dickson in New York

WESTINGHOUSE Electric and GE Capital have terminated talks which might have led to GE Capital buying some or all of the loan portfolio of Westinghouse's troubled financial services unit.

Westinghouse's shares fell on yesterday morning's news, to stand at $13⅛, down $1¼ at midday, since Wall Street had regarded a sale to GE as a quick and tidy way for Westinghouse to shed the problem.

Neither party revealed why they failed to agree, but Wall Street assumed it revolved around price. Westinghouse was believed have demanded book value for the assets, which it put at $4.1bn on September 30.

Westinghouse, which has been plagued by property loan problems for two years, decided last November to get out of financial services, though it said then it could take three years to sell its assets.

Failure of the negotiations means Westinghouse is now likely to sell the portfolio piecemeal, since there are few other companies with GE's muscle. This is the second time talks between the companies have come to nothing.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992/93	Low 1992/93
Gold per troy oz.	$327.85	-1.4	$356.35	$358.40	$327.35
Silver Per troy oz	239.50p	-1	242.90	249.50p	187.58p
Aluminium 99.7% (cash)	$1215	+30.5	$1188	$1339.0	$1105.5
Copper Grade A (cash)	£1445.5	-93.5	£1210	£1561.0	£1125.0
Lead(cash)	£283.5	-5.5	£287.5	£383.5	£278.50
Nickel (cash)	$5807.5	-365	$7710	$8196.0	$5315
Zinc SHG (cash)	$1062.5	+6.5	$1161	$1457.5	$1019.0
Tin (cash)	$5845	-40	$5450	$7115.0	$5425.0
Cocoa Futures (May)	£728	+25	£772	£751	£523
Coffee Futures (Mar)	$975	+25	£583	$1039	$876
Sugar (LDP Raw)	$215.6	+11	$213	$272.6	$193
Barley Futures (Mar)	£133	-0.25	£120.60	£138.10	£106.90
Wheat Futures (Mar)	£137.40	+1	£127.80	£138.60	£109.85
Cotton Outlook A Index	57.55c	+0.8	59.05c	65.90c	52.25c
Wool (64s Super)	388p	-11	415p	480p	364p
Oil (Brent Blend)	$17.60x		$18.075	$21.30	$17.00

Per tonne unless otherwise stated †Unquoted p-pence/kg. c-cents lb x-Mar.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Feb)		+ or -
Dubai	$15.30-5.40	+.275
Brent Blend (dated)	$17.30-7.40	+0.4
Brent Blend (Mar)	$17.55-7.65	+.275
W.T.I (1 pm est)	$19.10-9.15	
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$185-187	+2
Gas Oil	$171-172	+2
Heavy Fuel Oil	$71-73	
Naphtha	$181-184	+4.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$327.85	+0.3
Silver (per troy oz)♣	366.5c	-2
Platinum (per troy oz)	$356.40	-2.35
Palladium (per troy oz)	$105.85	-4.15
Copper (US Producer)	110.0c	
Lead (US Producer)	34.63c	
Tin (Kuala Lumpur market)	14.75r	-0.08
Tin (New York)	270.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	116.73p	+0.12*
Sheep (live weight)†♣	89.38p	+1.48*
Pigs (live weight)†	75.98p	+0.91*
London daily sugar (raw)	$215.6	+2.4
London daily sugar (white)	$256.5	+2.5
Tate and Lyle export price	£249.0	+2
Barley (English feed)	£135.5	+1
Maize (US No. 3 yellow)	£161.0	
Wheat (US Dark Northern)	Unq	
Rubber (Feb)♥	64.75p	+0.5
Rubber (Mar)♥	65.25p	+0.5
Rubber (KL RSS No 1 Jan)	235.5m	+1.5
Coconut oil (Philippines)§	$457.5y	+2.5
Palm Oil (Malaysian)§	$405z	-5
Copra (Philippines)§	$260	-2.5
Soyabeans (US)	£173.5	
Cotton "A" index	57.55c	+0.5
Wooltops (64s Super)	388p	-2

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg. y-Mar/Apr u-Feb.x-Aug.w-Dec/Jan z-Jan/Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices * change from a week ago, provisional prices

SUGAR – London FOX			($ per tonne)	
Raw	**Close**	**Previous**	**High/Low**	
Mar	190.00	191.60	190.60	190.00
White	**Close**	**Previous**	**High/Low**	
Mar	254.00	253.80	253.90	251.80
May	255.00	254.00	254.80	252.50
Aug	259.50	258.90	259.00	256.50
Oct	246.50	246.90	246.50	

Turnover: Raw 2 (7) lots of 50 tonnes.
White 1280 (804) Paris- White (FFr per tonne): Mar 1418.33 May 1433.30

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Mar	17.62	17.39	17.63	17.5
Apr	17.74	17.53	17.74	17.8
May	17.81	17.66	17.82	17.2
Jun	17.92	17.76	17.92	17.5
Jul	17.90	17.88	17.95	17.0
IPE Index	17.19	17.11		

Turnover 14968 (47799)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Feb	166.00	163.75	166.50	164.75
Mar	166.25	164.00	166.75	165.25
Apr	165.25	163.50	166.25	165.00
May	165.25	163.50	166.00	165.25
Jun	165.50	163.50	166.00	165.50

Turnover 6479 (10968) lots of 100 tonnes

SPICES
Mexican pimento prices have been firm, reports Man-producten. Spot increased from US$1,800 to $1,850 a tonne ex-warehouse Rotterdam; shipment from $1,625 to $1,750-$1,775 cif; Jamaica unchanged at $2,350 spot, $2,175 cif. Nutmegs/mace: more industry interest for nearby and later shipments, but prices unchanged. Cassia: nearby firmer due lack of offers from Indonesia; kor b brlcl spot $1,800, afloat $1,400, shipment $1,335 cif; new2 va/ka sticks, spot unchanged $2,250, shipment $2,000 cif. Madagascar cinnamon shipment FFr 5.55 cif. Madagascar cloves weaker, $775 cif.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	713	714	716	708
May	728	728	729	723
Jul	741	741	742	737
Sep	754	754	755	750
Dec	775	774	773	770
Mar	796	795	797	793
May	810	809	809	805
Jul	824	821	824	
Sep	835	835	837	835
Dec	855	855	856	

Turnover: 5256 (4895) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 14 769.16 (765.23) 10 day average for Jan 13 747.60 (743.70)

COFFEE – London FOX			$/tonne	
	Close	Previous	High/Low	
Jan	987	1014	998	983
Mar	975	994	991	965
May	951	969	965	940
Jul	936	960	956	931
Sep	945	968	956	940
Nov	952	978	951	950

Turnover:3157 (4473) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 14: Comp. daily 61.61 (61.54) 15 day average 62.22 (62.55)

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
Apr	62.5	62.0	62.0	
Apr	95.0	93.0	93.0	92.5

Turnover 25 (11) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne	
	Close	Previous	High/Low	
Apr	152.00	-	152.00	151.00
Jun	141.00	-	141.00	

Turnover 35 (0) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Jan	1280	1281	1285	1279
Feb	1270	1276	1274	1268
Mar	1265	1280	1275	1265
Apr	1268	1277	1275	1268
BFI	1294	1300		

Turnover 118 (135)

GRAINS – London FOX			£/tonne	
Wheat	**Close**	**Previous**	**High/Low**	
Jan	135.90	-	135.90	
Mar	137.40	137.30	137.70	137.30
May	139.30	139.30	139.70	139.30
Sep	108.25	-	108.25	
Nov	110.55	-	110.75	110.50
Jan	114.00	-	114.00	113.65
Barley	**Close**	**Previous**	**High/Low**	
Mar	133.00	132.75	133.00	
May	134.30	-	134.80	134.30
Sep	107.00	-	107.00	
Nov	109.55	-	109.55	
Jan	113.00	-	113.00	

Turnover: Wheat 314 (217), Barley 83 (53)
Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg		
	Close	Previous	High/Low	
Jan	104.0	103.5	103.5	103.5
Apr	104.0	103.0	103.0	103.0
Jun	103.8	103.0	103.5	103.5
Jul	104.0	-	103.0	103.0
Aug	104.0	-	103.0	103.0

Turnover:12 (28) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)				Total daily turnover 27,410 lots		
Cash	1214-6	1215.5-6.5	1212/1212	1212-2.5		
3 months	1236-8	1237.5-8.0	1240/1228	1234-5	1233-4	179,472 lots
Copper, Grade A (£ per tonne)				Total daily turnover 29,553 lots		
Cash	1445-6	1438.5-9.5	1434/1433	1433.5-4.0		
3 months	1462-2.5	1456-7	1462/1450	1450-1	1460-1	158,459 lots
Lead (£ per tonne)				Total daily turnover 1,896 lots		
Cash	283-4	283.5-4.5	282	282-2.25		
3 months	293.5-4.0	294-5	296/292	292.5-3.0	295-6	19,459 lots
Nickel ($ per tonne)				Total daily turnover 8,338 lots		
Cash	5805-10	5830-40	5825/5825	5820-5		
3 months	5875-85	5900-10	5900/5880	5890-5	5965-70	41,708 lots
Tin ($ per tonne)				Total daily turnover 1,092 lots		
Cash	5840-50	5840-60		5842-5		
3 months	5900-10	5900-10	5910/5890	5900-10	5910-20	7,909 lots
Zinc, Special High Grade ($ per tonne)				Total daily turnover 7,115 lots		
Cash	1062-3	1075-7	1068.5/1068	1068-8.5		
3 months	1081-2	1095.5-6.0	1092/1078	1087-7.5	1078-9	70,710 lots

LME Closing £/$ rate:
SPOT: 1.5305 3 months: 1.5182 6 months: 1.5099 9 months: 1.5014

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	327.70-328.00	
Opening	327.20-327.60	
Morning fix	327.45	212.962
Afternoon fix	327.70	213.110
Day's high	327.80-328.00	
Day's low	327.30-327.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	0.84	6 months	1.85
2 months	1.08	12 months	2.10
3 months	1.26		

Silver fix	p/troy oz	US cts equiv
Spot	238.30	366.65
3 months	242.30	369.45
6 months	245.90	372.35
12 months	253.80	380.4H

GOLD COINS	$ price	£ equivalent
Krugerrand	327.50-330.50	213.00-215.00
Maple leaf	337.30-339.50	-
New Sovereign	78.00-81.00	50.00-52.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Feb	May	Feb	May
1200	32	67	8	21
1250	7	39	33	42
1300	3	21	78	73
Copper (Grade A)	**Calls**		**Puts**	
2100	121	143	5	26
2200	47	82	32	65
2300	11	41	93	122
Coffee	**Mar**	**May**	**Mar**	**May**
950	44	51	19	51
1000	20	33	45	83
1050	8	21	83	121
Cocoa	**Mar**	**May**	**Mar**	**May**
650	67	86	4	8
675	47	67	9	14
700	30	50	17	22
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
1700			30	14
1750		41		34
1800	10	19	10	

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jan	327.0	327.3	0	0
Feb	327.0	327.3	327.8	326.9
Mar	327.5	327.8	0	0
Apr	328.0	328.3	329.0	327.8
Jun	329.1	329.5	330.0	329.1
Aug	330.5	330.9	331.5	330.8
Oct	332.0	332.5	332.5	332.2
Dec	333.5	334.1	334.3	333.4
Feb	335.4	336.1	336.2	335.8

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jan	359.0	356.9	359.0	356.0
Apr	356.0	355.4	356.5	354.0
Jul	353.7	353.2	353.5	352.8
Oct	352.2	351.9	0	0
Jan	351.0	350.9	350.0	350.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jan	365.3	365.9	365.5	364.0
Feb	366.0	366.6	0	0
Mar	366.8	367.5	367.5	364.5
May	369.2	370.0	370.0	367.0
Jul	371.6	372.5	372.5	369.5
Sep	374.2	375.2	373.0	373.0
Dec	378.3	379.4	379.0	376.5
Jan	379.3	380.6	0	0
Mar	382.8	384.1	384.0	383.0
May	386.0	387.5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	98.15	98.35	98.45	98.15
Feb	98.40	98.60	98.70	98.40
Mar	98.80	99.00	99.30	98.75
Apr	99.00	99.15	99.30	99.25
May	99.15	99.30	99.55	99.10
Jun	99.25	99.40	99.50	99.40
Jul	99.35	99.50	99.75	99.40
Aug	99.50	99.60	99.60	99.60
Sep	99.60	99.70	100.00	99.60

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Feb	18.96	18.70	19.02	18.76
Mar	19.10	18.84	19.14	18.89
Apr	19.22	18.98	19.24	19.00
May	19.34	19.12	19.36	19.14
Jun	19.47	19.24	19.49	19.30
Jul	19.58	19.32	19.58	19.39
Aug	19.62	19.37	19.62	19.43
Sep	19.68	19.41	19.68	19.46
Oct	19.69	19.44	19.69	19.51
Nov	19.67	19.45	19.70	19.45

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Feb	53.60	53.09	53.80	53.25
Mar	54.00	53.34	54.15	53.50
Apr	53.80	53.29	53.95	53.40
May	53.35	52.81	53.50	53.00
Jun	53.30	52.71	53.40	52.90
Jul	53.55	52.96	53.65	53.25
Aug	54.30	53.61	54.35	54.05
Sep	55.45	54.76	55.60	55.15
Oct	56.30	55.66	56.45	56.35
Nov	57.30	56.51	57.30	57.30

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	990	994	995	978
May	1014	1015	1015	1003
Jul	1033	1032	1033	1024
Sep	1057	1055	1057	1047
Dec	1089	1086	1095	1079
Mar	1112	1117	1114	1110
May	1137	1142	1132	1128
Jul	1159	1164	0	0
Sep	1182	1187	0	0
Dec	1212	1217	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	69.75	72.40	71.90	68.90
May	74.70	77.35	76.70	74.60
Jul	76.60	79.20	78.70	76.40
Sep	78.20	80.95	80.40	78.20
Dec	80.55	83.45	82.30	80.55
Mar	83.00	86.00	0	0
May	85.00	88.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.57	8.59	8.58	8.45
May	8.68	8.66	8.69	8.57
Jul	8.74	8.72	8.75	8.65
Oct	8.73	8.69	8.71	8.64
Mar	8.77	8.77	8.77	8.77
May	8.83	8.79	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	61.39	61.71	62.08	61.05
May	61.67	62.15	62.30	61.45
Jul	62.20	62.59	62.95	62.05
Oct	61.20	61.63	61.83	61.27
Dec	60.37	60.73	60.75	60.20
Mar	61.10	61.40	61.25	61.00
May	61.60	61.93	0	0
Jul	62.00	0	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	81.00	80.05	81.00	80.50
Mar	82.05	82.35	83.00	81.75
May	84.45	84.75	85.50	84.20
Jul	86.05	86.60	87.50	86.45
Sep	87.05	87.55	87.75	87.75
Nov	86.75	86.65	87.50	86.05
Jan	87.60	88.30	89.50	88.40
Mar	89.55	89.05	90.50	90.00
May	90.05	90.05	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Jan 15	Jan 14	mnth ago	yr ago
1714.7	1714.6	1665.3	1611.4

DOW JONES (Base: Dec. 31 1974 = 100)				
	Jan 14	Jan 13	mnth ago	yr ago
Spot	123.69	123.62	-	114.42
Futures	122.91	122.94	-	122.58

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jan	583/0	577/6	583/0	577/4
Mar	581/4	578/0	581/6	576/6
May	584/0	582/2	584/6	580/4
Jul	588/4	586/6	589/4	585/4
Aug	589/4	588/2	590/4	587/4
Sep	588/0	588/0	590/0	588/0
Nov	592/2	592/0	594/0	590/2
Jan	599/2	600/0	601/0	599/0
Mar	607/0	607/4	0	0
Jul	612/0	612/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jan	21.37	21.37	21.52	21.22
Mar	21.52	21.56	21.72	21.41
May	21.74	21.77	21.94	21.63
Jul	21.92	21.96	22.14	21.83
Aug	21.94	21.99	22.08	21.87
Sep	21.95	22.00	22.05	21.88
Oct	21.95	22.00	22.05	21.85
Dec	21.98	22.02	22.10	21.88
Jan	22.03	22.03	0	0
Mar	21.80	0	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Jan	184.6	183.8	184.7	183.2
Mar	183.8	182.9	183.9	182.4
May	183.0	182.7	183.1	182.2
Jul	184.0	183.9	184.3	183.3
Aug	184.6	184.3	184.8	184.2
Sep	185.5	185.2	185.7	185.1
Oct	186.5	186.0	186.6	186.1
Dec	187.4	187.3	188.0	187.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	217/0	217/4	217/4	216/4
May	225/0	225/2	225/0	224/4
Jul	231/6	232/0	232/0	231/2
Sep	237/2	237/2	237/4	236/6
Dec	242/6	242/2	243/0	242/0
Mar	249/4	249/0	249/6	248/6
May	254/4	253/6	254/4	255/6

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	380/2	379/2	380/4	376/2
May	356/4	357/6	357/4	353/0
Jul	332/2	333/0	333/4	329/6
Sep	335/2	337/2	337/4	334/0
Dec	345/4	348/0	347/4	343/6
Mar	348/4	350/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	80.700	79.625	80.750	79.550
Apr	79.075	78.575	79.100	78.475
Jun	74.000	73.575	74.050	73.550
Aug	72.125	71.925	72.200	71.800
Oct	72.750	72.460	72.850	72.425
Dec	73.125	72.800	73.225	72.800
Feb	80.700	79.625	80.750	79.550

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	44.025	44.000	44.400	43.775
Apr	43.500	43.650	43.925	43.350
Jun	48.200	48.325	48.550	48.025
Jul	47.600	47.700	47.850	47.450
Aug	46.250	46.425	46.450	46.000
Oct	42.225	42.350	42.400	42.050
Dec	43.250	43.400	43.500	43.200
Feb	43.275	43.275	0	0
Apr	42.200	42.150	42.200	0

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	37.500	37.975	38.250	37.250
Mar	37.900	38.450	38.700	37.750
May	38.975	39.700	39.850	38.950
Jul	39.350	40.000	40.050	39.200
Aug	38.125	39.000	38.800	38.050

هكذا من الأصل

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Peace breaks out in ERM

THE DANISH krone, Irish punt and French franc appeared well underpinned against the D-Mark yesterday, as tensions inside the European exchange rate mechanism continued to dissipate, *writes James Blitz*.

At the end of a comparatively mild week for the ERM, the three currencies at the bottom of the system's grid appeared to be in no danger of an imminent devaluation, despite political uncertainty in their respective countries.

Mr Poul Schlüter's resignation as prime minister of Denmark had no impact at all on the krone which was at DKr3.8508 against the D-Mark yesterday afternoon, stronger than Thursday night's London close of around DKr3.646.

The Irish punt remained above its floors against the Dutch guilder and Belgian franc – two of the strongest ERM currencies – in spite of a drastic cut in money market rates by the Irish authorities this week.

The French franc gained more strength against the D-Mark, rising above the FFr3.38 level against the German currency, its highest level since November 20.

At Wednesday's meeting in Frankfurt of the privately organised G7 Council, central bankers of countries still in the ERM claimed that the four-month crisis in the European Monetary System was past its peak.

But there are reasons for caution.

First, interest rates in several European countries, including France, Denmark and Ireland, remain at high levels.

There were suggestions this week that if the Bank of France does not bring money market rates down from their level of 11¼ per cent, the higher costs incurred by commercial banks may be passed to the retail sector in the next two weeks.

The Bundesbank will be under more pressure to shave money market rates at its council meetings on 21 January and 4 February. If it fails to respond, the pressures on weak ERM currencies could return.

There may also be unfinished business in Scandinavia, whose currencies can have an impact on ERM trading.

The week has been marked by a sharp fall in the value of the Swedish krona, with the central bank intervening in support of the currency.

The Swedish authorities recently announced that their budget deficit for 1993/4 will be 11 per cent of GDP, and another fall for the krona cannot be ruled out.

The dollar yesterday broke higher in late European trade, helped by rumours of co-ordinated rate cuts in Europe. The dollar closed in London at DM1.6355, up more than 1½ pfennigs on the day.

£ IN NEW YORK

Jan.15	Latest	Previous Close
£ Spot	1.5290 - 1.5300	1.5370 1.5380
1 month	0.53-0.52pm	0.53 0.51pm
3 months	1.38-1.35pm	1.38 1.35pm
12 months	3.92-3.85pm	3.97 3.87pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.15	Previous
8.30 am	81.2	81.6
9.00 am	81.1	81.4
10.00 am	81.1	81.4
11.00 am	81.3	81.4
Noon	81.3	81.5
1.00 pm	81.3	81.5
2.00 pm	81.2	81.4
3.00 pm	81.2	81.3
4.00 pm	81.2	81.0

CURRENCY RATES

Jan 15	Bank ‡ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.891276	0.784883
U.S Dollar	3.00	1.37417	1.20833
Canadian $	7.27	1.75646	1.54968
Austrian Sch	8.25	15.6985	13.8039
Belgian Franc	7.75	45.9282	40.3974
Danish Krone	9.50	8.61811	7.56957
D-Mark	8.25	2.23193	1.96172
Dutch Guilder	7.75	2.50923	2.20544
French Franc	10	7.62390	6.63553
Italian Lira	12.00	2065.39	1805.04
Japanese Yen	3.25	172.596	152.044
Norway Krone	–	9.47559	8.28309
Spanish Peseta	–	158.432	139.129
Swedish Krona	11.50	9.96960	8.73923
Swiss Franc	5.50	2.04243	1.79497
Greek Drach	19	N/A	262.340
Irish Punt	–	N/A	0.744044

‡ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for Jan.14

CURRENCY MOVEMENTS

Jan 15	Bank of England Index	Morgan** Guaranty Changes %
Sterling	81.2	–28.87
U.S Dollar	66.7	–10.80
Canadian Dollar	94.4	–7.71
Austrian Schilling	114.8	+16.54
Belgian Franc	115.6	+1.48
Danish Krone	117.2	+10.93
D-Mark	124.8	+32.74
Swiss Franc	110.0	+18.68
Dutch Guilder	119.1	+20.88
French Franc	109.8	–7.00
Lira	82.4	–33.40
Yen	150.7	+86.43
Peseta	99.8	–24.12

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jan.14

OTHER CURRENCIES

Jan 15	£	$
Argentina	1.5330 - 1.5355	0.9980 - 0.9990
Australia	2.2775 - 2.2795	1.4830 - 1.4840
Brazil	21627.0 - 21641.5	14080.0 - 14080.5
Finland	8.2890 - 8.3740	5.3750 - 5.3950
Greece	329.750 - 336.350	214.680 - 218.970
Hong Kong	11.8855 - 11.9020	7.7375 - 7.7385
Iran	2313.00*	1493.00*
Korea(Sth)	1208.35 - 1227.85	790.20 - 796.40
Kuwait	0.46800 - 0.46900	0.30470 - 0.30500
Luxembourg	51.35 - 51.45	33.55 - 33.65
Malaysia	3.9725 - 3.9840	2.5920 - 2.5930
Mexico	4.7710 - 4.7740	3.1080 - 3.1100
N.Zealand	2.9855 - 2.9905	1.9450 - 1.9480
Saudi Ar.	5.7515 - 5.7650	3.7495 - 3.7505
Singapore	2.5420 - 2.5490	1.6575 - 1.6585
S.Af (Cm)	4.7125 - 4.7250	3.0770 - 3.0790
S.Af (Fn)	7.3795 - 7.4330	4.8075 - 4.8425
Taiwan	39.00 - 39.15	25.40 - 25.50
U.A.E.	5.6320 - 5.6465	3.6715 - 3.6736

*Floating rate. Iran Official rate:£100.35 $66.60

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5300	1.5247	1.5163	1.5062	1.4905
D-mark	2.5025	2.4995	2.4938	2.4858	2.4813
French Fr.	8.4525	8.4185	8.3595	8.2925	8.2250
Swiss Fr.	2.2900	2.2872	2.2832	2.2786	2.2627
Yen	193.00	192.44	191.43	190.09	187.32

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 15	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	182.194	176.513	–3.12	4.44	48
Spanish Peseta	143.386	139.129	–2.97	4.28	47
Dutch Guilder	2.21958	2.20544	–0.64	1.83	24
Belgian Franc	40.6304	40.3974	–0.57	1.77	21
D-Mark	1.96992	1.96172	–0.42	1.61	18
French Franc	6.60683	6.63553	0.43	0.75	–32
Danish Krone	7.51410	7.56957	0.74	0.44	–40
Irish Punt	0.735334	0.744044	1.18	0.00	–60

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jan 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5275 - 1.5410	1.5295 - 1.5305	0.54-0.52cpm	4.16	1.39-1.36pm	3.59
Canada	1.9575 - 1.9705	1.9595 - 1.9605	0.08-0.03cpm	0.34	0.11-0.04pm	0.15
Netherlands	2.7975 - 2.8150	2.8050 - 2.8150	¼-⅜cdis	–1.33	⅝-⅞dis	–1.07
Belgium	51.30 - 51.55	51.35 - 51.45	4-8cdis	–1.40	13-19dis	–1.25
Denmark	9.6225 - 9.6850	9.6275 - 9.6375	5¼-9⅞oredis	–9.34	16¼-21¼dis	–7.84
Ireland	0.9425 - 0.9500	0.9445 - 0.9455	3.90-2.25cpm	39.05	4.65-2.65pm	15.45
Germany	2.4900 - 2.5050	2.5000 - 2.5050	¼-⅜pfdis	–1.50	⅞-1dis	–1.50
Portugal	223.75 - 225.50	224.00 - 225.00	139-149cdis	–7.70	393-420dis	–7.24
Spain	176.70 - 177.75	176.85 - 177.15	114-124cdis	–8.07	328-342dis	–7.57

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

2.290	2.810	2297	1.960	51.40	177.0	1.272	
1.497	1.837	1501	1.281	33.59	115.7	0.831	
0.915	1.123	918.1	0.783	20.54	70.74	0.508	
11.87	14.56	11902	10.16	266.3	917.1	6.591	
2.709	3.325	2718	2.319	60.81	209.4	1.505	
1	1.227	1003	0.856	22.45	77.29	0.555	
0.815	1	817.4	0.698	18.29	62.99	0.453	
0.997	1.223	1000.	0.853	22.38	77.06	0.554	
1.168	1.434	1172	1	26.22	90.31	0.649	
4.455	5.467	4469	3.813	100.	344.4	2.475	
1.294	1.588	1298	1.107	29.04	100.	0.719	
1.800	2.209	1806	1.541	40.41	139.2	1.	

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

MONEY MARKETS

Big sterling shortage

CASH RATES in the sterling money market were slightly firmer yesterday after the Bank of England announced a large shortage at the start of its money market operations, *writes James Blitz*.

The shortage of £2.05bn helped to quash any lingering expectations that the UK authorities might be planning a cut in base rates to coincide with the retail prices index for December.

UK clearing bank base lending rate 7 per cent from November 13, 1992

The large shortage led to a sharp jump in the cost of borrowing money overnight in the wholesale market, with the rate going as high as 9 per cent.

According to one dealer, this left a few people scrambling desperately for funds. "A few people had got used to easier money, were short of funds and found themselves having to borrow at higher rates than they had expected," he said.

As it happened, the RPI figures were generally in line with expectations, although there was some slight disappointment at the increase in the underlying rate to 3.7 per cent.

This factor, and the tighter liquidity, helped to push 3 month money up by about 1/16 per cent to a close of 7 1/16 per cent. There was more bullishness about a rate cut in the March short sterling futures contract, which rose 2 basis points on the day to close at 93.48.

At this level, it prices 3 month money in March at 6.52 per cent, a level which probably assumes a 50 basis point cut in interest rates over the next two months.

In Europe, the main focus was on the French franc futures market, where the March contract rose by 25 basis points to close at 90.35. The French currency has performed strongly against the D-Mark all week, raising suggestions that the crisis of the French franc may be over.

However, 3-month French cash remained high at around 11¼ per cent, a level which commercial banks may find unsustainable without passing on the higher rates to the retail sector. There were strong suggestions yesterday that the Bank of France might re-open the 5-10 day lending window on Monday to ease the banks position.

The German government is due to make an announcement on progress on the solidarity pact talks next week. Growing expectations of a successful outcome helped to push the March Euromark contract up 2 basis points to close at 92.20.

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls February	Calls March	Calls June	Puts February	Puts March	Puts June
111	-	2.51	-	0.14	-	-
112	1.44	1.65	2.86	0.25	0.60	-
113	0.54	0.91	2.16	0.53	0.87	-
114	0.11	0.40	1.54	1.00	-	-
115	-	0.13	1.05	-	-	-
Open Int	10,444	176,372	50,188	12,762	162,247	28,012

Estimated volume 41,871 † Total Open Interest 442,716
† All Yield & Open Interest figures are for the previous day.

Estimated volume 10140 (10762)
Previous day's open int. 47204 (45398)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5300	1.5247	1.5163	1.5062	1.4905

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.15) 3 months US dollars		6 months US Dollars	
bid 3 3/16	offer 3 5/16	bid 3 5/16	offer 3 7/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — *Treasury Bills and Bonds*

Lunchtime					
Prime rate	6	One month	2.52	Three year	4.82
Broker loan rate	5	Two month	2.83	Five year	5.79
Fed.funds	2 15/16	Three month	3.01	Seven year	6.24
Fed.funds at intervention	-	Six month	3.19	10-year	6.60
		One year	3.44	30-year	7.38
		Two year	4.32		

LONDON MONEY RATES

BANK RETURN

BANKING DEPARTMENT	Wednesday January 13, 1993	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	87,008,118	- 669,683,811
Bankers Deposits	1,608,410,177	+ 49,201,224
Reserve and other Accounts	3,986,054,141	- 21,939,737
	5,686,025,436	- 642,422,324
ASSETS		
Government Securities	1,277,041,175	- 219,845,000
Advance and other Accounts	3,406,088,762	- 186,110,309
Premises Equipment & other Secs	992,056,840	- 241,054,384
Notes	10,575,255	+ 4,602,281
Coin	263,604	- 14,912
	5,686,025,436	- 642,422,324
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,469,424,745	- 494,602,281
Notes in Banking Department	10,575,255	+ 4,602,281
	16,480,000,000	- 490,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	8,032,166,882	+ 850,539,868
Other Securities	8,436,818,018	- 1,340,539,868
	16,480,000,000	- 490,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	7	Cyprus Popular Bank	7	Mount Banking	7
Allied Trust Bank	7	Duncan Lawrie	7	NatWestminster	7
AIB Bank	7	Equatorial Bank plc	7	Northern Bank Ltd	7
●Henry Ansbacher	7	Exeter Bank Limited	8	Nykredit Mortgage Bnk	7.5
B & C Merchant Bank	13	Financial & Gen Bank	7	●Rea Brothers	7
Bank of Baroda	7	●Robert Fleming & Co	7	Roxburghe Bank Ltd	9
Banco Bilbao Vizcaya	7	Girobank	7	Royal Bk of Scotland	7
Bank of Cyprus	7	●Guinness Mahon	7	●Smith & Williamson Secs	7
Bank of Ireland	7	Habib Bank AG Zurich	7	Standard Chartered	7
Bank of India	7	●Hambros Bank	7	TSB	7
Bank of Scotland	7	Hampshire Trust Plc	13.5	Unibank plc	7
Barclays Bank	7	Heritable & Gen Inv Bk.	7	●United Bk of Kuwait	7
Brit Bk of Mid East	7	●Hill Samuel	7	Unity Trust Bank Plc	7
●Brown Shipley	7	C. Hoare & Co	7	Western Trust	7
CL Bank Nederland	7	Hongkong & Shanghai.	7	Whiteaway Laidlaw	7
Citibank NA	7	Julian Hodge Bank	7	Yorkshire Bank	7
City Merchants Bank	7	●Leopold Joseph & Sons	7		
Clydesdale Bank	7	Lloyds Bank	7		
The Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7	McDonnell Douglas Bk.	7		
Credit Lyonnais	7	Midland Bank	7		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2224

Treasury 13¾% Stk 2000/03 - £129¾ ZZ129⁹⁄₁₆ £ 130

Exchequer 10½% Stk 2005 - £114⁷⁄₁₆ (12Ja93)

Guaranteed Export Finance Corp PLC 11¾% Gtd Nts 1994 (Br - £104¼ (13Ja93)

12¾% Gtd Ln Stk 2002(Reg) -

11½% Undated Subord Nts (Br £1000) - £103⅜ ⅜

Nationwide Building Society 11¾% Nts 1997 (Br £5000 & 100000) - £109⅞ (12Ja93)

13.5% Subord Nts 2000 (Br £10000) - £118⁹⁄₁₆

Zero Cpn Nts 1998 (Br £ Var) - £62 (8Ja93)

New Zealand 10⅞% Bds 2000 - $113.07 113⅜ (8Ja93)

Nippon Telegraph and Telephone Corp

Corporation and County Stocks

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Investment Trusts

Wigan Investment Co PLC 8% Deb Stk 96/99 - £97⅜

8¾% Deb Stk 2016 - £92⅜ (11Ja93)

Miscellaneous Warrants

No. of bargains included nil

Australia & New Zealand Banking GpLd Wts Rtg to Coles Myer Ord 26/9/94 - $A1.8 (11Ja93)

USM Appendix

No. of bargains included 678

Beckenham Group PLC 9% Red Cum Non-Vtg Prf £1 - 56

Bedford(William) PLC Ord 5p - 20 (8Ja93)

CMW Group PLC Ord 5p - 24 5 6 7

Chemex International PLC Ord 1p - 3¼ ¾

Cooper Clarke Group PLC Ord 50p - 28

Dakota Group PLC Ord Ir£0.25 - I£0.14 (8Ja93)

EIT Group PLC Wts to sub for Ord - 3½

FBD Holdings PLC Ord Ir£0.50 - I£1.22 (13Ja93)

Flextech PLC Ord 10p - 69 70 1½ ½‡ 2½ 3 ¾‡ 4 4 4‡ ½‡ ½‡ 5‡

Gibbon Lyons Group PLC 7% Cum Cnv Red Prf £1 - 67 (11Ja93)

Gibbs Mew PLC Ord 25p - 150 5 (11Ja93)

Groevenor Inns PLC Ord 10p - 88

Guardian Group PLC Ord 5p - 7½ (13Ja93)

Hughes (T.J.) PLC Ord 10p - 89½

Mid-States PLC Ord 10p - 28 ½ 9 9 30‡

Midland & Scottish Resources PLC Ord 10p - 18 ½

Needler Group Ld Com Shs of NPV - 50 (8Ja93)

Porth Group PLC Ord 20p - 5½♦

Savage Group PLC 6.5% (Net) Cum Red Cnv Prf £1 - 66 (12Ja93)

Thwaites(Daniel)& Co PLC Ord 25p - £1.85 (12Ja93)

T V-am PLC Ord 5p - 21 (13Ja93)

UAPT-Infolink PLC "A" Ord 25p - £0.23

U.K.F. Ld Ord £1 - £0.4

Weetabix Ld "A" Non.V Ord 25p - £12.1

Yates Bros Wine Lodges PLC Ord 25p - £1.15

Rule 535(2)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

American Motors Corp £42.5 (11.1)
Aust. Foundation Inv A$1.8766 (13.1)
Cadbury Schweppes Australia A$10.12 (12.1)
Cape Range Oil A$0 38
Churchill Resources 9
Commodore International $6.375 (12.1)
Community Psychiatric Centers $9.625 (12.1)
Devex A$0.651918
Enterra Corp $17⅝
Futuris Corp A$0.963 (13.1)
Killinghall Tin (Malaysia) Berhad Ord M$1.3752 (13.1)
Kuala Sidim Rubber M$1.4748 (12.1)
National Resources Exploration A$0.15936,0.15898 (12.1)
Oil Search 27
Regal Hotels (hldgs) HK$0.944747
Selangor Coconuts 26
Singapore Land S$4.0187 (12.1)
Tandem Resources $16.05 (12.1)

By Permission of the Stock Exchange Council

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1992. All rights reserved.

The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries. © The Financial Times Limited 1992. All rights reserved.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

FINANCIAL TIMES

Published in

LONDON ● PARIS ● FRANKFURT ● NEW YORK ● TOKYO

Head Office: The Financial Times Ltd, Number One, Southwark Bridge, London SE1 9HL. Telex: (Editorial) 922186. Telex. (Advertising) 885033. Telephone: 071-873 3000. Fax: (Advertising) 071-873 3062.

INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

Washington: Editorial 1225 Eye Street N.W. Suite 810, Washington DC 20005, U.S.A. Tel:(202) 289 5474 Fax: 202 289 5475.

هكذا من الأصل

هكذا من الأصل

LONDON STOCK EXCHANGE

Rate rise hope overrides inflation fear

By Steve Thompson

SHARE prices ended a busy trading session in positive territory but not before a fierce struggle to shrug off the effects of some slightly disappointing domestic inflation numbers and the absence of a rumoured reduction in UK interest rates.

A late rally in the equity market followed a sudden surge of mostly overseas-sourced buying interest amid suggestions that this weekend could bring a co-ordinated round of Europe-wide interest rate cuts. Significantly, dealers said there had been exceptionally heavy demand for leading French stocks, especially the banks, which they said was a strong pointer to a move to reduce French interest rates.

Account Dealing Dates		
*First Dealings:		
Jan 4	Jan 18	Feb 1
Option Declarations:		
Jan 14	Jan 28	Feb 11
Last Dealings:		
Jan 15	Jan 29	Feb 12
Account Day:		
Jan 25	Feb 8	Feb 22

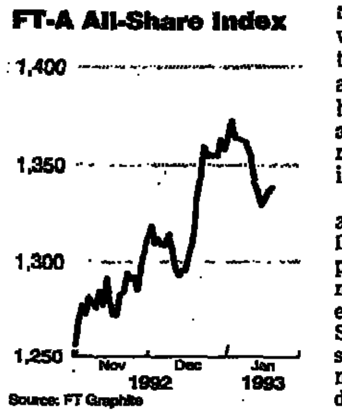
*New time dealings may take place from 8.30am two business days earlier.

Sentiment in London was additionally boosted by a healthy performance on Wall Street. The Dow Jones was up around nine points early in the session after a heavy batch of US economic data.

The last session of the account began with market-makers opening share prices marginally below overnight levels. The Footsie registered an early three-point decline after confirmation of the first relatively sizeable rights issue of the year, a £45m cash call from First National Finance. The absence of any other rights issue saw a burst of buying in the Footsie future which dragged the cash market with it. Then, support tapered ahead of the inflation news.

The marginal increase in the underlying inflation rate was widely expected and put paid to any lingering hopes of a UK rate cut. Subsequent flurries of small selling drove the Footsie to its lowest level, down 9.8 points, just in front of Wall Street's opening. It then began to recover, eventually closing 5.9 higher at 2,765.1. Over the week, the 100 index has fallen 34.1, or 1.2 per cent. The Footsie Mid-250 edged up 2.5 to 2890.6, a fall of 42.1, or 1.4 per cent, on the week.

FT-A All-Share Index



Source: FT Graphite

Senior dealers were guardedly optimistic about the near-term outlook for the market. "The feeling at the close was that perhaps we have seen the worst of the pull-back in equities; the market has a good feel about it," said one trader. But he warned that there remained a strong possibility of a big rights issue hitting the market in the short term.

US broker J P Morgan is among the more bullish of the London market. It sees it out-performing other European markets because it offers real earnings and dividend growth. Strauss Turnbull, however, says the market's earnings multiple of around 17 times discounts too much good news.

Turnover was 611.1m shares yesterday. The value of business on Thursday was £1.2bn. The value of market business has topped £1bn on every trading day so far this year.

TRADING VOLUME IN MAJOR STOCKS

	Volume '000s	Closing Price	Day's change
Blue Circle	1,900	186	+1
Booker	424	420	+7
Boots	1,500	503	+1
Bowater	984	463	+5
Brit. Aerospace	3,300	185	+8
British Airways	4,600	270½	-4
British Gas	3,800	277½	+½
British Land	882	183	
British Steel	4,100	82	
Bunzl	68	123	
Burmah Castrol	1,300	688	-7
Burton	8,300	75	+3
Cable & Wire.	1,300	772	+15
Cadbury Schweppes	1,300	459	+7
Calor Group	34	227	
Carlton Comms.	786	803	+1
Coats Viyella	1,200	215	-1
Hillsdown	2,500	148	+4
[illegible]	58	261	
ICI	1,300	1103	+10
Inchcape	757	584	+4
Kingfisher	1,100	555	-3
Kwik Save	403	792	
Ladbroke	7,000	168	-1
Land Securities	671	437	-1
Laporte	1,400	825	+10
Legal & General	1,700	441	+6
Lloyds Abbey	2,900	425	+1
Lloyds Bank	667	509	-2
LASMO	1,900	141½	-4½
London Elect	427	443	+5
Reuters	488	1361	+5
Rolls Royce	3,200	107	-3
Rothmans	310	812	-8
Ryl Bk Scotland	2,000	214	+2
Royal Insurance	1,900	278	+1
Saatchi	81	173	
Sainsbury	2,200	562	+2
Scottish & New.	906	430	
Scot. Hydro-Elect.	747	244	
Scottish Power	3,300	229	
Sears	1,100	99	+1
Sedgwick	378	173	+2
Seeboard	90	471	+1
Severn Trent Water	1,000	461	-1
United Biscuits	2,400	357	-2
Utd. Newspapers	990	501	+1
Vodafone	1,600	414	+5
Warburg (SG)	222	556	-2
Wellcome	940	915	-9
Welsh Water	178	531	+2
Wessex Water	899	586½	-9½
Whitbread 'A'	939	467	+2
Williams Hldgs	857	334	
Willis Corroon	1,100	186	+4
Wimpey	2,100	120	+2
Wolseley	1,100	639	-1
Yorkshire Elect.	320	502	+7
Yorkshire Water	475	531	+3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

L. Ashley slides on US fears

THE MURKY recovery picture among Britain's retailers was further muddied yesterday with two of the smaller high street groups reporting widely different fortunes. Laura Ashley, the clothes and fabrics group, saw its shares fall heavily after revealing a dramatic setback to its US operations in briefings to analysts. It raised fears that the dividend, which was passed at the interims, was unlikely to be paid for the full year.

Trading in the US reportedly dropped by up to 40 per cent at one stage in the summer. It is believed that sales have since recovered, while in the UK Laura Ashley told analysts that pre-Christmas sales were about 10 per cent higher than the same period a year ago.

Despite this, analysts moved quickly to downgrade profit forecasts. Kleinwort Benson slashed its figures for 1992-93 from £6m to £2m – only £320,000 more than the £1.68m profits the company made in its first half. The shares tumbled 17 to 70p.

Tie Rack announced sales growth of 6 per cent for the year to date, which would "result in substantially increased earnings for the year ending 31 Jan 1993". The shares jumped 11 to 83p.

TSB optimism

High Street bank TSB saw its shares rise on further consideration of its results as the optimists view held sway. The shares rose 4 to 160p with 10m traded, giving a rise of 8.5 per cent over two days.

Agency broker James Capel was an aggressive buyer of the shares, as was securities house Hoare Govett which has raised its 1993 profit forecast by £20m to £220m. The bull case is that TSB is either a recovery play or a prime takeover target.

However Lehman Brothers, among others, is not convinced. The US investment bank says: "We would caution against expecting further significant progress at the operating line ... we prefer the more defensive stocks in the sector, and of the recovery stocks would recommend a switch into Barclays." Barclays, which has its own detractors, was steady at 374p.

Euro Disney boosted

A surprise boardroom change at Euro Disney gave a boost to the shares but did nothing to dispel the bearish view of many UK analysts. The shares added 28 to 778p in thin trading in London, although the stock was reported busier in Paris. The appointment of Frenchman Mr Philippe Bourguignon, currently the theme park's second in command, as chairman raised hopes that the park might develop a more Eurocentric approach, and thus attract more visitors. However, one UK leisure specialist said the appointment made no difference to the fact that: "the shares are far too highly rated and deserved to be sold down to 400p."

Vague takeover talk helped Cadbury-Schweppes to put on 7 to 459p. Hanson was said to be eyeing the confectionery and food group after its failed bid for RHM last year, but analysts were largely dismissive given Cadbury's high rating and solid managerial record. Hillsdown was another name being billed for a bid and the shares added 4 to 148p. Unilever advanced 6 to 1068p on speculation that it will have positive news at meetings it is hosting for analysts next week.

UK airports operator BAA was in strong demand and the shares jumped 15 to 772p. The stock advanced for the second day in a row having languished in previous sessions on the back of disappointing traffic figures.

Most of yesterday's buying was said to have been carried out by Swiss Bank Corporation. Mr James Halstead, the transport analyst at SBC said simply: "The shares had been marked down so much and it presented an excellent buying opportunity." Turnover was just short of a million shares by the close.

The price of BP shares slipped again on very heavy turnover of 14m shares following a series of profit downgrades and negative broker notes on the oil company. The shares slipped 4 to 228¼p.

Lubricants and chemicals company Burmah Castrol fell 7 to 688p after UBS Phillips & Drew downgraded the company's 1993 profits forecast on growing fears for the German economy.

UBS cut its forecast to £93m from £97m after reducing its expectations for Germany's 1993 GDP from 0.4 per cent to "substantially negative growth". Between 30 per cent and 25 per cent of Burmah's profits are D-Mark-related.

Insurer Prudential closed 9 better at 296p on turnover of 6m as the market responded enthusiastically to an announcement that new business increased by 13.3 per cent last year. Mr Charles Landa at Strauss Turnbull raised his forecast for 1993 accruals profits by £100m to £1bn and reinforced his buy stance.

Pharmaceuticals group Wellcome saw analysts to discuss the potential benefits of treasury activity but its shares still fell 9 to 915p following overnight declines on Wall Street. The stock consolidated after being pushed up on the previous day on unsubstantiated stories that an encouraging article was about to be published in a medical journal.

Second-line pharmaceuticals Amersham and London International rose 11 to 674p and 5 to 267p respectively on support by Hoare Govett.

Channel tunnel operator Eurotunnel benefited from encouraging comments by French analysts. The shares moved 12 ahead to 389p. NFC gave up 8 to 274p in spite of a series of presentations in the City by the company.

Shares in Lucas Industries, a good market of late on bid speculation, eased 4 to 145p on a combination of profit-taking and a reported profits downgrading by Hoare Govett.

British Aerospace continued to be boosted by reports that it would soon sign a joint venture deal with Taiwan Aerospace over its regional jet division. The shares climbed another 8 to 185p. Smiths Industries put on 3 to 379p, with NatWest Securities reported to have had the main buyer. Broker Albert E. Sharp was said to have shown a keen interest in Glynwed International. The shares hardened 8 to 257p.

Shares in First National Finance Corp rose 11½ to 68p after a positive statement on future trading. The consumer credit group said it should see better results this year despite posting losses for the year to October 31 of £31m. The group also announced a £45.8m rights issue to reduce the company's debt but the news was widely predicted and already in the share price.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo,
Peter John.

■ Other market statistics, Page 9

NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (87).
AMERICANS (6) Ameritech, Merrill Lynch, Rockwell, Sears Roebuck, Time Warner, Varity, BUILDING MATERIALS (1) Kalon, BUSINESS SERVICES (5) BPP, Brit. Data Mngmt., Chubb Sec., Rentokil, Serco, CHEMICALS (5) Brent, Evode, Do Pf., Halstead, Yorkshire, CONGLOMERATES (2) Bodycote, Hanson 9½pc Bd., CONTRACTING & CONSTRUCTION (2) Rubicon, Westport, ELECTRICALS (2) Motorola, Neotronics, ELECTRICITY (4) Eastern, Midlands, PowerGen, Southern, ELECTRONICS (7) Admiral, Blick, Control Tech., Kode, Learmonth & Burchett, Macro 4, Telemetrix, ENGINEERING GENERAL (2) Concentric, Rotork, FOOD RETAILING (1) Farepak, HEALTH & HOUSEHOLD (2) Amersham, Seton, HOTELS & LEISURE (3) Baldwin, Compass, Pelican, INSURANCE LIFE (2) Legal & Gen., Utd. Friendly B, INVESTMENT TRUSTS (7) Abtrust New Dawn B Wrts., CST Emrg. Asia Wts., Fleming High Inc., For. & Colonial Smlr. Cos., Keystone, Paribas French, Siam Selct. Gwth., MEDIA (16) Abbott Mead Vickers, Carlton Comms., Central ITV, Euromoney Publs., Independent, Johnston Press, Scottish TV, Starling Publs., TVS Ent., Do 7.4pc Pf. '08, METAL & METAL FORMING (1) Ferraris, MISCELLANEOUS (7) Airsprung Furn., Alumasc, Aspen Comms., Birkby, Nobo, Sthn. Business, Tamaris 8½pc Pf., MOTORS (1) Burndene, OIL & GAS (2) Kelt Energy, Sidlaw, OTHER FINANCIAL (1) Perpetual, OTHER INDUSTRIALS (1) Watts Blake, PACKAGING, PAPER & PRINTING (4) Boxmore, Britton, Capital Inds., Microgen, PROPERTY (5) INOCO, Lon. Merchant Secs Dfd., Slough Ests. 8¼pc Pf., Do 6pc Bd. '03, Sth. Stadium 5½pc Pf., STORES (3) Country Casuals, Goldsmiths, Tie Rack, TELEPHONE NETWORKS (3) Securicor, Do A N/V, Security Servs., TEXTILES (2) Celestion, Leeds, TRANSPORT (3) CSX, Sea Containers, Tibbett & Britten, PLANTATIONS (3) Cons Plants., Kuala Lumpur Kepong.
NEW LOWS (10).
CANADIANS (1) Gulf Can., CONGLOMERATES (1) Jourdan (T), ENGINEERING GENERAL (1) BM, FOOD RETAILING (1) Appleby Westward, HOTELS & LEISURE (1) Quadrant, OIL & GAS (2) Lasmo Ops, Oceonics, PROPERTY (3) Five Oaks, High-Point, Warnford.

EQUITY FUTURES AND OPTIONS TRADING

CONFLICTING signals about a rate cut, as the equity account drew to a close, led to a volatile session in stock index futures, writes Joel Kibazo.

Good demand at the outset for the March contract on the FT-SE saw it squeezed up to 2,797 within the first hour of trading, as speculation of a cut in base rates was heard.

But the rumours diminished as new figures showing a rise in the underlying rate of inflation were announced, sending March drifting lower.

By 2.30pm it was at the day's low of 2,767 and looked set to fall further. However the firm opening on Wall Street and renewed speculation that there might just be a cut in rates after all, helped the contract regain momentum.

March finished at 2,785, around 10 points above its estimated fair value premium to cash of around 14, with turnover reaching 8,311 lots.

Strong activity in two stock options accounted for the day's high turnover of 47,202 contracts in the traded options. Some 19,412 lots were dealt in Asda, while Barclays traded 4,960 contracts.

FINANCIAL TIMES EQUITY INDICES

	Jan 15	Jan 14	Jan 13	Jan 12	Jan 11	Year ago	High	Low
Ordinary share	2138.6	2140.6	2129.6	2137.0	2150.3	2536.7	2209.9	1670.0
Ord. div. yield	4.39	4.39	4.42	4.40	4.35	4.67	5.34	4.23
Earning yld % full	6.03	6.03	6.07	6.04	5.99	7.01	-	-
P/E ratio net	21.16	21.13	21.02	21.11	21.29	17.94	21.93	15.79
P/E ratio nil	19.55	19.52	19.42	19.50	19.67	16.92	-	-
Gold Mines	62.2	61.9	60.6	61.3	62.4	159.2	160.6	60.4

*for 1992/93. Ordinary share index since compilation. high 2209.9 4/1/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2138.1	2145.2	2142.6	2137.8	2135.6	2130.6	2129.5	2129.9	2135.0	2145.6	2128.3

Volume	Jan 15	Jan 14	Jan 13	Jan 12	Jan 11	Year ago
SEAQ Bargains	31,846	28,618	28,741	26,977	31,105	32,267
Equity Turnover(£m)†	-	1205.5	1219.1	1070.6	1294.5	1351.6
Equity Bargains†	-	32,003	31,107	30,332	35,969	35,344
Shares traded (mil)†	-	505.2	575.0	534.3	564.1	584.6

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday January 15 1993

FT-SE SmallCap ex Inv Tst	+	4.71	Water	-	0.16
FT-SE Small Cap	+	4.02	Textiles	-	0.19
Metals & Metal Forming	+	3.53	Other Groups	-	0.28
Business Services	+	3.00	Hotels & Leisure	-	0.42
Food Retailing	+	2.97	Property	-	0.55
Merchant Banks	+	2.94	Insurance (Composite)	-	0.69
Motors	+	2.76	Other Industrials	-	0.79
Conglomerates	+	1.87	Transport	-	1.02
Engineering-Aerospace	+	1.79	Investment Trusts	-	1.26
Engineering-General	+	1.72	Industrial Group	-	1.67
Banks	+	1.05	FT-A All-Share	-	1.73
Packaging, Paper & Printing	+	1.03	Contracting, Construction	-	1.75
FT-SE Mid 250	+	0.97	Electronics	-	1.84
Chemicals	+	0.73	FT-SE-A 350	-	2.07
Insurance (Life)	+	0.69	"500" Share Index	-	2.13
Financial Group	+	0.63	Telephone Networks	-	2.62
Insurance Brokers	+	0.61	Gold Mines Index	-	2.66
Electricals	+	0.60	FT-SE 100	-	2.86
Electricity	+	0.54	Consumer Group	-	3.21
Food Manufacturing	+	0.47	Stores	-	5.14
Building Materials	+	0.08	Oil & Gas	-	6.19
Media	+	0.01	Health & Household	-	6.25
Capital Goods		0.00	Brewers & Distillers	-	7.07

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	106.7759	+0.334	8.94	8.97	8.85
BELGIUM		8.750	06/02	107.9000	+0.310	7.54	7.52	8.01
CANADA *		8.500	04/02	102.7500	+0.357	8.07	8.14	8.03
DENMARK		9.000	11/00	101.1500	+1.000	8.78	8.84	8.99
FRANCE	BTAN	8.500	03/97	102.3749	+0.592	7.79	7.85	8.23
	OAT	8.500	11/02	104.6200	+0.740	7.82	7.98	8.25
GERMANY		8.000	07/02	105.9800	+0.240	7.11	7.12	7.40
ITALY		12.000	05/02	94.1000	+0.380	13.54†	13.61	13.86
JAPAN	No 119	4.800	06/99	102.4679	-	4.31	4.38	4.54
	No 145	5.500	03/02	107.2633	-	4.39	4.48	4.61
NETHERLANDS		8.250	08/02	107.3700	+0.470	7.14	7.13	7.45
SPAIN		10.300	06/02	90.2250	+0.625	12.06	12.46	12.46
UK GILTS		10.000	11/96	108-13	+3/32	7.12	7.21	7.33
		9.750	08/02	108-27	+8/32	8.38	8.35	8.40
		9.000	10/08	101-26	+6/32	8.77	8.71	8.67
US TREASURY *		6.375	08/02	98-10	+12/32	6.62	6.78	6.76
		7.625	11/22	102-23	+11/32	7.40	7.47	7.43
ECU (French Govt)		8.500	03/02	101.2000	+0.600	8.31	8.44	8.86

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	56	4	20	161	151	88
Other Fixed Interest	0	0	15	9	19	47
Commercial, Industrial	340	274	810	1,518	1,596	4,008
Financial & Property	137	81	584	629	734	2,621
Oil & Gas	17	18	50	70	109	246
Plantations	2	0	7	3	4	38
Mines	25	13	103	136	107	462
Others	54	31	25	197	191	198
Totals	631	421	1,614	2,723	2,911	7,708

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2765.1 +5.9	2890.6 +2.5	1340.16 +2.58

	Jan 15	Day's change	Jan 14	Jan 13	Jan 12	year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd	1992/93 High	1992/93 Low	Since Compilation High	Since Compilation Low
FT-SE 100	2765.1	+0.2	2759.2	2745.3	2757.9	2536.7	6.77	4.39	18.65	2.44	2861.5 4/1	2281.0 25/8	2861.5 4/1/93	986.9 23/7/84
[illegible]														

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	High/day	Low/day
FT-SE 100	2756.2	2765.6	2766.3	2760.7	2759.4	2750.2	2749.7	2751.9	2761.0	2765.1	2768.4	2749.4
FT-SE Mid 250	2887.5	2890.7	2893.4	2893.3	2891.6	2892.1	2889.4	2889.1	2889.6	2890.6	2894.0	2887.5
FT-SE-A 350	1356.0	1360.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1361.2	1353.6

FT-SE Actuaries 350 Industry Baskets

											Prev close	change
Constrn	[illegible]										1460.2	-10.9
Health&H	[illegible]										1210.2	-2.0
Water	[illegible]										1352.2	-0.1
Banks	[illegible]										1462.4	+9.6

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE SmallCap	31/12/92	1363.79	Engineering - General	29/12/89	[illegible]	Other Financial	31/12/70	128.06
FT-SE SmallCap exInv Trust	31/12/92	1363.79	Water	29/12/89	1668.45	Food Manufacturing	29/12/67	114.13
FT-SE Mid 250	31/12/85	1412.60	Conglomerates	29/12/89	1114.07	Food Retailing	29/12/67	114.13
FT-SE-A 350	31/12/85	682.94	Telephone Networks	30/11/84	517.92	Insurance Brokers	29/12/67	96.67
FT-SE 100	31/12/83	1000.00	Electronics	30/12/83	1646.65	All Other	10/4/62	100.00
Business Services	31/12/90	999.65	Other Industrial Materials	31/12/80	287.41	British Government	31/12/75	100.00
Electricity	31/12/90	999.65	Health/Household Products	30/12/77	261.77	Do. Index-linked	30/4/82	100.00
Media	31/12/90	1226.68	Other Groups	31/12/74	63.75	Debs & Loans	31/12/77	100.00
Engineering - Aerospace	29/12/89	486.00	Industrial Group	31/12/74	128.20			

Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. Auditor: The WM Company.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	151.7	153.3	161.3	+1.70	0.00
AIB Grofund Equity	5	199.2	201.8	213.6	+0.10	3.33
AIB Grofund Euro	5	145.6	147.7	155.5	+2.20	0.37
AIB Grofund Eqy Balanced	3	98.92	100.7	103.9	-1.50	2.28
AIB Grofund Gilt	3	75.30	75.33	77.66	+0.18	5.29
AIB Grofund Japan	5	119.0	120.3	126.6	+0.40	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corporation St, Coventry 0203 553231

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	397.0	398.4	423.9	+0.9	2.80
General Acc	5	432.4	433.9	461.7	+1.0	2.80
UK Growth Acc	6	292.5	296.5	315.5	+0.4	3.14
UK Growth Inc	6	209.7	212.6	226.2	+0.4	3.14
Higher Inc Acc	6	513.7	521.7	555.0	+1.9	4.43
Higher Inc Inc	6	316.9	321.7	342.3	+1.1	4.43
Gilts/Fxd Int Acc	5½	167.5	167.5	176.9	+0.3	7.18
Gilts/Fxd Int Inc	5½	90.27	90.27	95.34	+0.18	7.18
Nth America	6	256.5	261.6	278.3	+5.4	0.00
Far East	6	229.1	229.1	243.8	+0.2	0.11
Europe	6	195.0	195.0	207.5	+2.0	1.21
Brit Excell	6	60.71	60.71	64.59	+0.21	3.19
Brit Fndmtls Acc	6	78.64	78.64	83.66	+0.52	5.05
Brit Fndmtls Inc	6	61.72	61.72	65.66	+0.39	5.05
Global Opps	6	63.05	63.65	67.72	+0.74	0.00

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gilts & Fixed Int	6	126.8	126.8	134.4	+0.1	7.07
High Inc Equity	6	137.3	140.2	149.1	+0.3	5.70
Worldwide Bond	6	248.7	248.7	263.6	+0.8	4.74
American Growth	6	274.9	274.9	294.0	+4.5	.49
Asian Pacific	6	185.5	189.4	201.4	+2.0	.95
Assets & Earnings	6	212.1	216.4	230.2	+0.1	2.73
Capital Reserve Acc	0	124.0	124.0	124.3	....	5.98
Comdty & Energy	6	62.26	62.26	66.58	+0.60	1.32
1992 Enterprise	6	74.01	74.01	79.15	+0.29	2.62
Euro Capital Acc	6	98.52	98.52	105.3	+1.4	.99
Euro Capital Inc	6	93.36	93.36	99.85	+1.31	1.00
General	6	188.0	188.0	201.0	+0.3	2.89
Japan	6	82.68	82.68	88.42	+0.33	-

Britannia Life Unit Managers Ltd (1200)F
50 Bothwell Street, Glasgow G2 6HR 041-223 6020

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	87.85	88.84	95.02	+0.28	2.39
Do (Accum)	6	95.92	97.00	103.74	+0.30	2.39
Smaller Cos	6	70.59	70.59	75.50	-0.03	1.81
Do (Accum)	6	76.33	76.33	81.63	-0.04	1.81
Higher Yield	6	34.99	35.35	37.81	+0.05	4.52
Do (Accum)	6	47.74	48.23	51.59	+0.06	4.52
American Gth Inc	6	51.92	52.10	55.72	+0.88	0.29
Do (Accum)	6	52.91	53.09	56.78	+0.90	0.29
European Growth	6	87.69	87.97	94.09	+0.69	1.78
Do (Accum)	6	88.50	88.79	94.96	+0.69	1.78
Global Bond Inc	6	27.35	27.56	29.24	+0.16	5.78
Do (Accum)	6	33.61	33.87	35.93	+0.20	5.78
Managed P'tfolio Inc	6	31.27	31.35	33.53	+0.20	1.54
(Do Accum)	6	31.35	31.43	33.62	+0.21	1.54
Pacific Growth Accum	6	78.80	79.60	85.14	+0.41	1.17
Intl Spec Opps Accum	6	75.59	76.56	81.88	+0.55	1.09

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	84.67	84.67	90.17	+0.78	2.31
Mngd P'folio Acc	6	158.5	158.5	168.8	+1.40	-
UK General	6	138.3	138.3	147.3	+0.40	3.44
Conv & General	6	18.07	18.07	19.33	+0.01	7.98
European Inc	6	20.66	20.66	22.24	+0.25	0.51
European Acc	6	21.34	21.34	22.97	+0.26	-
Financial	6	102.0	102.9	109.6	+0.80	4.05
Foundation	6	67.49	69.30	73.80	+0.37	3.80
German	6	36.45	36.45	39.09	+0.19	0.10
Growth Inc (5-1)	5	26.81	26.81	28.56	+0.07	3.24
Growth Acc (5-1)	5	31.22	31.22	33.26	+0.09	-
High Income	6	66.80	67.92	72.33	+0.11	6.50
Income	6	113.6	116.0	124.0	+0.90	4.68
Intl Income	6	82.68	82.68	88.05	+0.40	3.48
Intl Growth	6	30.70	30.70	32.70	+0.35	0.24
Monthly Income	6	63.79	65.92	70.20	+0.38	4.80
North American	6	102.0	103.0	109.7	+1.60	0.20
Orient	6	90.44	90.44	97.28	+0.03	-
Recovery	6	31.20	32.60	35.05	+0.16	3.37
Smaller Cos Acc	6	221.5	234.2	249.4	+4.70	-
Smaller Cos Inc	6	129.7	137.2	146.1	+3.90	1.58

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	184.1	184.1	189.31	....	6.59

Buckmaster Mangmt Co Ltd (0930)H
15 St Botolph Street, London EC3A 7JJ 071-247 4542

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Fellowship Tst	5¼	58.94	59.55	63.36	+0.57	1.51
(Accum Units)	5¼	65.71	66.40	70.64	+0.63	1.51
Income	5¼	197.3	199.3	212.1	+0.2	4.33
(Accum Units)	5¼	448.3	453.2	482.2	+0.4	4.33

Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

هكذا من الأصل

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sharp (Albert E.) & Co (1000)F						
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
European	5	101.00	101.00	106.70	+1.20	1.77
Intl Bond & Conv	5	119.00	119.30	125.60	+0.30	5.75
Pooled Pension ♦	7	143.7	147.6	157.9		
Smaller Cos	5	57.58	59.38	62.50	+0.07	2.18
UK General	5	113.00	114.70	120.70	+0.10	2.97
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071-407 5966						
Income	5	371.63	371.63	393.93	+1.36	5.24
Global Inc	5	53.22	53.22	56.41	+0.18	4.32
Brit Leaders	5	308.37	308.37	326.87	+0.64	3.13
Intl Leaders	5	171.37	171.37	181.65	+1.59	1.80
FAm Max Bal Gwth Inc ♦	3½	50.01	51.26	53.26	+0.26	3.19
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3003						
European Trust	6	47.81	47.81	50.85	+0.59	1.66
Far Eastern Tst	6	52.35	53.17	56.56	+0.24	0.88
Smaller Cos	5	128.5	133.3xd	141.8	-0.3	2.98
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS 071-637 5377						
S & W American ♦	5	258.4	258.9xd	273.9	+0.4	1.05
S & W Capital	5	109.0	109.0	116.8	+0.9	2.06
S & W Cash ♦	0	101.97	101.97	101.97	+0.01	6.59
S & W European	5	105.4	105.6	111.7	+0.9	1.09
S & W Far Eastern	5	105.7	106.7	112.9	+0.6	0.00
S & W Growth	5	116.8	118.3	125.1	+1.3	1.45
S & W Income	5	103.1	104.4	110.4	+0.3	5.62
S & W Magnum	5	115.0	115.0	123.3	+0.9	2.00
S & W Smllr Secs	5	274.1	279.7	295.9	+0.7	0.79
S & W Thoroughbred	5	132.7	132.7	142.4	+1.10	1.81
Societe Generale Touche Remnant (1200)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250						
American Gwth	5¼	77.90	77.90	83.31	+0.49	0
Eur Sp Sits Acc	5¼	40.97	40.97	43.52	+0.50	0
Eur Sp Sits Inc	5¼	38.70	38.70	41.11	+0.48	0
Far East Opps Inc	5¼	26.46	26.46xd	28.59	+0.21	0

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

Prolific Life & Pensions Ltd
Stramongate, Kendal, Cumbria LA9 4UB 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Grth Mngd	647.7	689.1	+2.5	-
Adventurous Mngd	155.9	165.9	+1.0	-
Cautious Mngd	123.3	131.2	+0.5	-
Cash Fd	316.4	333.5	+0.4	-
Property Fund	216.1	229.9	...	-
Equity Fund	736.3	783.4	+5.4	-
Fxd Int Fund	402.5	424.2	-0.2	-
International	324.6	345.4	+2.0	-
High Income	577.1	614.0	-2.2	-
Far East	429.5	457.0	+2.1	-
North American	437.8	465.8	+3.1	-
Special Sits	537.0	571.3	+0.3	-
Technology	453.1	482.1	+9.3	-
Extra Inc Fd	316.4	336.7	+0.7	-
Convertible & Gilt Fd	152.4	162.2	+0.6	-
American Income	175.3	186.5	+0.8	-
Gilt Fund 20	437.4	465.4	+0.6	-
European Fund	115.4	122.8	+0.9	-
Pref & Fixed Int	110.6	117.7	+0.2	-
UK Blue Chip	115.6	121.9	+0.1	-
Recovery Fund	112.2	118.3	+0.3	-
Equity Income Dist	104.3	111.0	+0.3	5.03
Managed Dist	99.4	105.8	+0.2	5.68
High Yield Dist	101.8	107.3	+0.3	8.62
Pension Funds				
Balncd Gth Mgd Pens Acc	751.0	790.6	+3.2	-
Adventurous Mgd Pens Acc	163.4	172.0	+1.1	-
Cautious Mngd Pens Acc	141.9	149.4	+0.5	-
Building Soc Acc	364.8	384.0	+0.5	-
Property Pens Acc	294.2	309.7	...	-
Fix Int Pens Acc	633.4	666.8	...	-
Equity Pens Acc	947.0	996.9	+5.9	-
International Pens Acc	299.9	315.7	+2.1	-
High Inc Pens Acc	649.8	684.1	+1.3	-
Tech Pens Acc	318.3	335.1	+6.8	-
N American Pens Acc	333.1	350.7	+1.9	-
Far Eastern Pens Acc	431.7	454.5	+2.1	-
Special Sits Pens Acc	440.6	463.8	+0.7	-
Extra Income Pens Fd	386.5	406.9	+0.6	-
Convertible & Gilt Pen	184.9	194.7	+1.2	-
American Inc Pens	199.9	210.5	+0.3	-
European Pens	127.5	134.3	+1.0	-
Managed Cash Pens	171.7	180.8	+0.3	-
Pref & Fixed Pens	128.6	135.4	+0.1	-
UK Blue Chip	122.4	128.9	+0.2	-
Recovery Fund	119.7	126.0	+0.3	-
Unitised With Profits Pens	108.1	113.8	+0.1	-
Other Funds				
Margett Growth	116.7	122.9	+0.3	-
Margett Income	119.4	125.7	+0.2	-

J Rothschild Assurance PLC
J Rothschild House, Dollar Street, Cirencester
Telephone 0285 640302 Helpline: 041 307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
JRA/M&G Managed	112.9	118.9	+0.40	-
JRA/Scottish Amicable Mngd	109.2	115.0	+0.20	-
JRA/St James's Place Mngd	114.5	120.6	+0.60	-
Deposit	100.3	105.6	...	-
Far East	111.7	117.6	+1.00	-
Gilts	104.3	109.8	-0.30	-
Greater European	109.2	115.0	+1.40	-
North American	127.3	134.1	+1.90	-
UK Equity	113.9	119.9	+0.20	-
Pension Funds				
JRA/M&G Managed cap	110.8	116.7	+0.60	-
JRA/M&G Managed acc	114.6	120.7	+0.60	-
JRA/Scottish Amicable Mngd cap	107.4	113.1	+0.20	-
JRA/Scottish Amicable Mngd acc	111.1	117.0	+0.20	-
JRA/St James's Pl Mngd cap	117.8	124.1	+1.20	-
JRA/St James's Pl Mngd Acc	121.9	128.4	+1.30	-
Deposit cap	100.1	105.4	...	-
Deposit acc	103.5	109.0	...	-
Far East cap	107.4	113.1	+1.10	-
Far East acc	111.1	117.0	+1.20	-
Gilts cap	102.0	107.4	-0.30	-
Gilts acc	105.5	111.1	-0.30	-
Greater European cap	109.0	114.8	+1.90	-
Greater European acc	112.7	118.7	+1.90	-
North American cap	127.7	134.5	+2.50	-
North American acc	132.1	139.1	+2.60	-
UK Equity cap	112.3	118.3	+0.30	-
UK Equity acc	116.1	122.3	+0.30	-

Royal Heritage Life Assurance Ltd
Peterborough Business Pk, PE2 6GG 0733 390000

	Bid Price	Offer Price	+ or -	Yield Gross
Multi Gwth		593.8	...	-
Multi Gwth A Cap	388.1	408.5	...	-
Multi Gwth A Accum	593.8	625.1	...	-
Op Prop	407.1	428.6	...	-
Op Equity	840.7	885.0	-0.8	-
Op High Yld	500.4	526.8	+0.6	-
Op Man	667.5	702.7	+2.0	-
Op Dep	369.2	388.7	...	-
Op Inc Dist	198.6	209.1	+0.4	-
Op Itn Man	357.5	376.4	+2.9	-
Op Emerging Co's	364.5	383.7	+2.3	-
Op Money	102.8	108.3	...	-
European	96.5	101.6	+0.9	-
Pension Funds				
Property Ser B	754.7	794.5	...	-
Equity Ser B	2546.2	2680.3	-2.3	-
Fixed Interest Ser B	943.1	992.8	+1.0	-
Managed Ser B	1268.8	1335.6	+1.8	-
Deposit Ser B	779.0	820.0	...	-
Money Ser B	102.5	107.9	...	-

Swiss Life (UK) PLC
101 London Rd, Sevenoaks 0732 450161

CMI Insurance Co Ltd-Contd.

ECU Terminvest Plc

Fairmount Financial Services Ltd
Castle House, Tonbridge Wells TN1 1BX 0892 515051

Hambros Fd Mgrs (CI) Ltd
PO Box 255, Guernsey 0481 715454

Rudolf Wolff Capital Management Ltd

Yamaichi Capital Mangmt (Guernsey) Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

	Bid Price	Offer Price	+ or -	Yield Gross
John Govett Management (IoM) Ltd				
Dlr Geared Eur NAV Jan 15		$16 72	....	-
Paragon Plus Red Jan 4		£9 99	....	-
Paragon Stlg Red Jan 4		£11 92	....	-
SE Asian Wnt NAV Jan 14		$9 81	.	-
Govett Mngd F tre Jan 15	£14 15	15.47	..	-
Govett Mngd Ftrs Jan 15	$9 99	10 95	...	-
Wrs Horizons Inc Jan 14		$15 76	...	-
Wrs Horizons In Wrts Jan 14		$7 89	....	-
Dlr Geared Bd Jan 15		$7 30	....	-
IBT Global Funds Limited				
Intl Stlg Gwth	£20.59	21.68	....	-
Intl SUS Gwth	$17 75	18.70	....	-
High Income Gilt	£26.06	27.02	.	-
International Equity	£20.84	21.95	...	-
International Bond	£22 54	23.37	-	-
Managed Currency	£27 64	27 93	..	-
Sterling Currency	£26 63	26.91	..	-
US$ Currency	$37 82	38.21	....	-
Irish £ Currency	I£15 39	15.56	....	-
R & H Fund Managers Ltd				
LFM Sterling Fd	£11.04	11.51	....	-
B F Offshore Inc Fd Ltd	£11.45	11.94	....	-
Target International (Isle of Man) Ltd				
IMC Offshore Fd	£9 45	10 23	....	-
Nelson Mngd W/W S/S	£10 24	10 49	..	-

	Bid Price	Offer Price	+ or -	Yield Gross
Lloyds Bank Trust Co (CI) Mngrs				
Lloydstrust World Inc Port	£2.438	2.560	.	1 18
Dealing Weekly on Thursday				
Management International (Jersey) Ltd				
Anchor Gilt Edge (z)	£9 76	9 80xd	...	9 59
Minerals, Oils Res. Shrs. Fd. Inc.				
Morls Jan 14	$13 30	13.58	..	2.95
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income(z)	53.7	56 0	...	8 03
UK Equity Fd (z)	223.0	236 0	...	2.71
*Intl Bond Fd	96.00	99.0	-0 01	6.87
*Sterling Mngd Asset Fd	539 6	569 0xd	-0 06	5.00
*Sub. day every Thurs.				
NatWest TrustCor Currency Fund (z)				
Dollar Class		$38.2616	+0 0028	-
Sterling Class		£27.0851	+0.0048	-
D-Mark Class		DM84.1552	+0 0180	-
Japanese Yen Class		Y7982.1343	+0.6163	-
Ashburton Replica Portfolio Ltd				
Ashburton Replica P'folio Ltd £	11.19	11 63	..	-
Ashburton Replica P'folio Ltd $	$10.37	10.76	..	-
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Jan 14	$34 20	36.40	...	-
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd	$3 7548	3 9902	.	-
Offshore Japanese Gwth Fd	$0 9085	0.9655	...	-
Offshore Am Gwth Fd	$6 6917	7 1113	....	-
Offshore Emerging Cos	$4.0104	4 2619	....	-
Offshore European Fd	$1 4885	1.5819	...	-
Offshore Global Bond	$0.9573	0 9972	.	-
Offshore Global Bond Acc	$0 9573	0.9972	.	-
Offshore Far Eastern Fd	$2.2528	2.3941	...	-
Offshore UK Growth Fd	$1.9748	2.0986	....	-
The Portugal Fund Limited				

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd

PO Box 468 St Helier Jersey 0534 36433

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:30 pm)

AUSTRIA

FRANCE

GERMANY

NETHERLANDS

SWEDEN

BELGIUM/LUXEMBOURG

CANADA (3:30 pm)

DENMARK

FINLAND

ITALY

NORWAY

SPAIN

SWITZERLAND

SOUTH AFRICA

JAPAN

AUSTRALIA

HONG KONG

MALAYSIA

SINGAPORE

INDICES

NEW YORK

DOW JONES	Jan 14	Jan 13	Jan 12	Jan 11	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3267.88	3263.56	3264.64	3262.75	3413.21 (1/6/92)	3136.58 (9/10/92)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	103.67	103.55	103.53	103.49	103.90 (6/1/93)	98.41 (20/3/92)	103.90 (6/1/93)	54.99 (1/10/81)
Transport	1496.34	1466.93	1482.24	1489.70	1496.34 (14/1/93)	1204.40 (26/8/92)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	221.33	220.77	218.39	218.64	225.59 (3/1/92)	200.74 (8/4/92)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3297.06 (3283.01) Low 3230.87 (3225.47) (Theoretical♦)
Day's High 3278.96 (3269.50) Low 3251.13 (3244.11) (Actual♦)

STANDARD AND POOR'S

	Jan 14	Jan 13	Jan 12	Jan 11	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	435.94	433.03	431.04	430.95	441.28 (18/12/92)	394.50 (8/4/92)	441.28 (18/12/92)	4.40 (1/6/32)
Industrials	505.78	502.84	501.13	501.40	515.75 (18/12/92)	470.91 (8/4/92)	515.75 (18/12/92)	3.62 (21/6/32)
Financial	41.16	40.59	40.30	40.21	41.16 (14/1/93)	32.40 (8/4/92)	41.16 (14/1/93)	8.64 (1/10/74)
NYSE Composite	239.60	238.12	237.20	237.09	242.08 (18/12/92)	217.92 (8/4/92)	242.08 (18/12/92)	4.46 (25/4/42)
Amex Mkt. Value	401.06	398.56	396.41	397.24	418.99 (12/2/92)	364.85 (9/10/92)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	695.70	686.78	679.45	682.40	695.70 (14/1/93)	547.84 (26/6/92)	695.70 (14/1/93)	54.87 (31/10/72)

	Jan 8	Dec 31	Dec 24	year ago (approx.)
Dow Industrial Div. Yield	3.19	3.14	3.12	2.89

	Jan 13	Jan 6	Dec 16	year ago (approx.)
S & P Industrial div. yield	2.59	2.58	2.58	2.78
S & P Indl. P/E ratio	26.70	26.85	26.78	23.24

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Digital Equip	5,556,100	42¼	+ 7⅛
Eastman Kodak	5,215,700	49⅛	+ 1⅜
Vodafone	5,052,600	63⅛	+ 1
Merck	4,685,100	41⅞	- 1½
Tucson El	4,329,800	2½	+ ⅛
IBM	4,285,600	48⅜	+ 1
Glaxo	3,653,200	21⅛	- ½
Citicorp	3,101,600	22¼	+ ¼
Motorola	3,091,300	123⅛	+ 11
Unisys Corp	3,013,300	11⅝	+ ¼

TRADING ACTIVITY

† Volume (Millions)	Jan 14	Jan 13	Jan 12
New York SE	280.020	245.020	239.250
Amex	19.138	14.798	15.480
NASDAQ	244.937	244.701	233.775
NYSE			
Issues Traded	2,402	2,412	2,408
Rises	1,186	1,091	893
Falls	674	759	878
Unchanged	542	562	637
New Highs	126	79	67
New Lows	19	28	22

CANADA

TORONTO	Jan 14	Jan 13	Jan 12	Jan 11	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2748.41	2747.17	2800.23	2829.43	3238.87 (16/1/92)	2529.91 (17/11/92)
Composite	3303.80	3298.29	3314.54	3310.20	3666.00 (16/1/92)	3195.40 (14/10/92)
MONTREAL Portfolio	1748.45	1744.42	1749.50	1742.96	1937.59 (16/1/92)	1663.16 (14/10/92)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Jan 15	Jan 14	Jan 13	Jan 12	1992/93 HIGH	1992/93 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1524.5	1507.4	1495.0	1509.4	1684.50 (22/5/92)	1357.20 (16/11/92)
All Mining (1/1/80)	599.2	592.7	584.7	592.6	726.80 (3/7/92)	545.40 (16/11/92)
AUSTRIA						
Credit Aktien (30/12/84)	300.35	300.26	301.03	302.23	458.57 (24/2/92)	291.41 (13/8/92)
Traded Index (2/1/91)	712.06	712.24	712.57	716.23	1099.43 (24/2/92)	682.96 (13/8/92)
BELGIUM						
BEL20 (1/1/91)	1144.55	1151.22	1149.63	1146.02	1235.40 (2/6/92)	1046.07 (2/9/92)
DENMARK						
Copenhagen SE (3/1/83)	262.84	263.73	266.11	265.62	365.29 (15/1/92)	250.42 (28/10/92)
FINLAND						
HEX General (28/12/90)	897.9	880.5	868.3	878.2	935.90 (24/2/92)	541.00 (7/9/92)
FRANCE						
CAC General (31/12/81)	477.97	473.56	471.24	477.62	555.93 (12/5/92)	441.70 (7/10/92)
CAC 40 (31/12/87)	1827.08	1803.54	1782.53	1796.76	2077.49 (11/5/92)	1611.04 (5/10/92)
GERMANY						
FAZ Aktien (31/12/58)	610.0	598.92	599.69	599.86	725.26 (26/5/92)	565.61 (12/10/92)
Commerzbank (1/12/53)	1719.3	1694.3	1698.7	1698.9	2043.80 (25/5/92)	1594.60 (12/10/92)
DAX (30/12/87)	1544.55	1523.74	1516.50	1530.19	1811.57 (25/5/92)	1420.30 (6/10/92)
HONG KONG						
Hang Seng Bank (31/7/64)	5871.80	5890.16	5778.74	5671.26	6447.11 (12/11/92)	4301.78 (2/1/92)
IRELAND						
ISEQ Overall (4/1/88)	1258.61	1255.12	1259.25	1278.20	1469.57 (17/1/92)	1094.88 (19/10/92)
ITALY						
Banca Com. Ital. (1972)	478.62	468.18	458.85	451.11	551.59 (6/2/92)	354.93 (16/9/92)
MIB General (4/1/93)	1058.0	1034.0	1014.0	997.0	1058.00 (15/1/93)	992.00 (11/1/93)
JAPAN						
Nikkei (16/5/49)	(c)	16515.60	16517.91	16681.05	23801.18 (6/1/92)	14309.41 (18/8/92)
Tokyo SE (Topix) (4/1/68)	(c)	1267.91	1271.46	1281.98	1763.43 (6/1/92)	1102.50 (18/8/92)
2nd Section (4/1/68)	(c)	1690.97	1695.34	1705.68	2459.85 (6/1/92)	1502.77 (19/8/92)
MALAYSIA						
KLSE Composite (4/4/86)	617.49	619.81	614.28	616.46	660.35 (5/11/92)	546.63 (14/1/92)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	297.5	296.4	295.1	295.9	314.90 (9/6/92)	274.00 (8/1/92)
CBS All Shr (End 1983)	200.2	199.5	198.6	199.2	215.50 (26/5/92)	189.70 (25/8/92)
NORWAY						
Oslo SE (Ind) (2/1/83)	682.23	681.92	686.51	696.50	772.74 (18/5/92)	532.43 (25/8/92)
PHILIPPINES						
Manila Comp (2/1/85)	1312.76	1320.55	1320.76	1308.17	1580.95 (11/6/92)	1083.01 (17/3/92)
SINGAPORE						
SES All-Singapore (2/4/75)	401.28	398.79	394.10	397.53	416.99 (21/1/92)	351.41 (21/10/92)
SOUTH AFRICA						
JSE Gold (28/9/78)	789.0ψ	792.0	785.0	789.0	1327.00 (21/1/92)	746.00 (10/11/92)
JSE Industrial (28/9/78)	4558.0ψ	4560.0	4550.0	4556.0	4689.00 (4/6/92)	3936.00 (19/10/92)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	693.29	692.23	705.93	703.05	709.77 (9/1/93)	459.07 (21/8/92)
SPAIN						
Madrid SE (30/12/85)	228.69	223.98	220.06	219.11	266.51 (28/2/92)	179.48 (5/10/92)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	927.0	922.6	930.5	935.2	1014.50 (11/5/92)	639.80 (5/10/92)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	926.0	925.9	912.0	915.4	938.10 (5/1/93)	748.50 (8/1/92)
SBC General (1/4/87)	696.9	697.3	687.8	687.1	697.30 (14/1/93)	596.40 (26/8/92)
TAIWAN**						
Weighted Price (30/6/66)	3314.83	3297.56	3227.93	3217.55	5391.63 (30/1/92)	3088.43 (9/1/93)
THAILAND						
Bangkok SET (30/4/75)	943.49	938.21	930.27	933.60	963.03 (5/11/92)	667.84 (19/5/92)
WORLD						
M.S. Capital Intl.(1/1/70) $	492.8*	491.3	488.6	489.4	542.10 (7/1/92)	467.50 (8/4/92)
Euro Top-100 (26/6/90)	879.35	870.08	862.73	864.49	976.55 (25/5/92)	772.52 (5/10/92)

**Saturday January 9: Taiwan Weighted Price: 3088.43, Korea Comp Ex. 709.77
ψ Subject to official recalculation.
*Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

هكذا من الأصل

WORLD STOCK MARKETS

AMERICA

Dow volatile as derivatives contracts close

Wall Street

US SHARE prices were mixed to firmer yesterday morning as the expiration of key stock index options made for a volatile trading session, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 6.76 at 3,274.64. The more broadly based Standard & Poor's 500 was 2.46 higher at 438.40, while the Amex composite was up 1.86 at 402.92, and the Nasdaq composite was up 2.68 at 698.38. Trading volume on the NYSE was 173m shares by 1 pm.

The Dow opened slightly weaker, moved to a double-digit gain by mid-morning, then dropped back to unchanged levels, before rebounding again soon after midday. After an initial decline similar to the Dow's, secondary stocks posted solid gains across the board, in spite of a setback in technology stocks which had driven the composite index to record highs earlier in the week.

Traders said that the volatile trading was linked to the morning expiration in the Chicago derivatives markets of S & P 500 options and S & P Midcap options. Options on other indices and on some individual equities were due to expire in the afternoon.

The day's most important economic figures were broadly positive for market sentiment. The Labor department announced that consumer prices rose by 0.1 per cent in December, a smaller increase than forecast, although slightly offset by a weaker than expected rise in industrial output.

Among individual stocks, Westinghouse Electric slumped $1¼ to $13¼ in turnover of 2.4m shares on the news that discussions between the company and General Electric about GE buying Westinghouse's credit unit had been terminated. The news left GE $¾ firmer at $85¼.

IBM fell $¾ to $48¼ after Standard & Poor's slashed its rating for the computer group's senior debt. IBM is due to report its fourth quarter earnings on Tuesday, and Wall Street is expecting a small operating loss for the period, not including the large restructuring charge already announced.

Other big technology stocks were mostly weaker as investors took profits after Thursday's gains. Hewlett-Packard dropped $⅝ to $73½, Texas Instruments eased $⅛ to $56⅛ and Digital Equipment slipped $⅜ to $41⅜. The exception was Compaq, which firmed another $¼ to $54.

On the Nasdaq market, Apple Computer dropped $3 to $62 after announcing fiscal first quarter profits of $161.3m, down slightly from a year ago. Microsoft, which reported second quarter earnings of $236m late on Thursday, fell $1¼ to $90.

Canada

TORONTO showed modest gains at midsession with the TSE-300 index 5.4 higher at 3,309.2 in volume of 23m shares valued at C$267m. Declines outpaced advances by 228 to 209 with 236 unchanged.

The technology sector was strong with Rogers Communications up C$⅝ or 3.85 per cent to C$16⅞.

Alcan Aluminium was among the top performers in the metals sector, rising C$¾ to C$22¾ on a buy recommendation. Banking stocks were also heavily traded following sharp losses earlier this week.

SOUTH AFRICA

JOHANNESBURG weakened slightly in active trade with De Beers, 50 cents higher at R68.75, again providing the main feature. The overall index lost 3 to 3,415, industrials fell 2 to 4,558 and the gold index slipped 4 to 788.

Nordic bourses hopeful after extremes of 1992

But there are reasons why analysts are only cautiously optimistic, **Christopher Brown-Humes** reports

Nordic stock exchange performance diverged strongly in 1992. The region produced the worst performer in Denmark, which registered a 26 per cent fall on the FT-Actuaries index, as well as two of the more notable "winners", with Sweden up 16.63 per cent and Finland up 12.85 per cent. Norway came in between these extremes with a decline of 10.67 per cent.

These, however, are just the local currency figures. A different picture emerges when performance is assessed in dollar terms, highlighting the effect of the devaluations which Finland, Sweden and Norway were forced to carry out last year. On this basis, Sweden dropped 8.6 per cent and Finland by 10.78 per cent, and the falls in both Oslo and Copenhagen were further exacerbated.

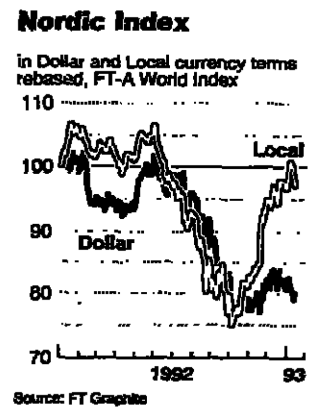
Common factors were shared by all four markets. These included weak international demand, high unemployment, financial sector problems, falling real estate prices, and generally high interest rates. But whereas bourses in Finland, Sweden and Norway registered considerable gains after these countries floated their currencies, Denmark held firm at the price of high interest rates, and share prices suffered accordingly. There were other special factors, such as weak shipping markets, which had a negative influence on both the Norwegian and Danish stock markets but virtually no effect in Sweden and Finland.

In 1993, investors will have to stay selective, particularly in Sweden and Finland where share prices have already rallied strongly over recent months. Most analysts are cautiously optimistic about the outlook in all four countries, although much will depend on what happens to the world economy and domestic interest rates. One important negative influence is likely to be the weakening state of demand in Germany, the most important export market for both Denmark and Sweden.

In Denmark, the market's short-term concerns will be political, following Mr Poul Schlüter's resignation as prime minister over the Tamil refugees scandal. But a second

Nordic Index

in Dollar and Local currency terms rebased, FT-A World Index



Source: FT Graphite

Maastricht vote is also looming on the horizon and the hope is that a "yes" vote will be as positive for the market this year as last June's "no" was damaging for sentiment.

In 1992, share prices on the Copenhagen stock exchange never recovered from this blow, although the real damage was done later in the year when currency turmoil forced Denmark to raise its interest rates and competitor countries to devalue. That left Danish exporters uncompetitive and put the domestic economy under considerable strain.

There were other negative influences: losses in the banking sector, for example, and the collapse of one of the country's main insurers, Hafnia.

This year, financial sector problems are expected to continue, but the corporate sector should benefit from recent restructuring and lower import prices, and domestic demand is expected to pick up.

The biggest worry will be the outlook for exports, if the krona remains at its current level.

Helsinki was due for a revival in 1992, after its poor showing in recent years; but this only manifested itself late in the year, once interest rates started to move down decisively following the decision to float the markka in September.

For much of the year, sentiment was overshadowed by recession and the banking crisis, helping to drag the Hex index to a five and a half year low of 548 on September 4; after that share prices surged by more than 50 per cent by December 30.

While this suggests that the revival may not have much further to go, a number of positive influences are still working in Finland's favour. They include an improving economic outlook – GNP is set to grow by some 1 per cent this year – the recent removal of restrictions on foreign share ownership and more equitable tax treatment of capital gains.

Stockholm's Affärsvärlden General index, more broadly based than its FT-Actuaries equivalent, ended 1992 at 912, exactly where it began. But that disguised three distinct phases: a rise to 1,000 on May 11; a tumble of 36 per cent by October 5; and a recovery which produced a 42 per cent increase from the bottom by the year-end.

The feeling is that the index may struggle to make further headway in the near future, given the dire state of the domestic economy, the continuing banking crisis and the fact that much of the projected rise in profits for the big exporters has already been discounted by recent rises.

A devaluation of just 5 per cent in the value of the Norwegian krone meant the impact on share values in Oslo was less spectacular than in either Stockholm or Helsinki, and the country's total index fell by 10 per cent to 372 during the year.

Weak freight markets, which brought the shipping index down 34.9 per cent to 308 in 1992, were a big factor.

The banking sector, which took a severe pummelling in 1991, only fell a further 1.1 per cent in spite of its continuing problems, but the insurance sector was depressed by the poor performance and eventual collapse of Uni Storebrand, the country's leading insurer.

In 1993, the shipping sector should benefit from a stronger dollar and improved market conditions. It is also expected to be the year in which the long-running crisis in the Norwegian banking sector finally starts to turn.

This has left market analysts confident of an improvement in share prices, although they may not materialise until the second half of the year when interest rates should be lower.

EUROPE

Continent firms on hopes of lower interest rates

BOURSES ended the week on a firm note encouraged by the prospect of lower interest rates, *writes Our Markets Staff.*

FRANKFURT's traders saw a chance to reverse the downtrend of the past week and a half, as better than expected figures from Siemens on Thursday lifted sentiment. The DAX index ended 20.81 or 1.4 per cent higher at 1,544.55, 0.9 per cent better on the week.

Turnover rose from DM3.7bn to DM5.2bn. There was some short-covering, but the triple options expiry had little influence on the cash market. Cyclicals made the running, with Volkswagen up DM9.50 or 3.7 per cent to DM268.90, Daimler DM12.10 higher at DM550.50 and Thyssen DM4.80 better at DM171.

Siemens rose another DM9.70 to DM588.60. In retailing, meanwhile, Douglas extended Thursday's gains on 1992 sales figures which led Merck Finck, in Düsseldorf, to estimate unchanged earnings of DM32 a share for 1992 and issue a buy recommendation. The shares rose DM20 to DM446.

PARIS rose for a second day on continued domestic and foreign interest. The CAC-40 index ended 23.54 higher at 1,827.08, down 1.3 per cent on the week, in turnover of FFr2.9bn.

Eurotunnel remained attractive to buyers, as the stock put on FFr1.45 to FFr34.15 in the day's heaviest volume of 4.9m shares. Euro Disney rose FFr2 to FFr66 on news of a change in chairman. Matra and Hachette continued to be active on speculation about the terms of their merger. Matra added FFr13.30 to FFr236 while Hachette put on FFr3.55 to FFr90.85.

AMSTERDAM saw turnover lifted by the expiry of options and the CBS Tendency index gained 0.3 to 97.7 for a 1.1 per cent rise on the week.

Publishers were active after Wolters Kluwer, up 80 cents at Fl 85.20, restated its forecast of a 20 per cent rise in 1992 net profit and announced the acquisition of Liber, Sweden's second-biggest publisher. Elsevier improved 70 cents at Fl 123.30.

MADRID continued its rally with another 4.71 gain in the general index to 228.69, up 2.1 per cent on the week. Buying was concentrated on interest rate-sensitive stocks as hopes of lower rates encouraged investors. Banco Santander was Pta190 firmer at Pta4,700.

MILAN ended higher in active trading on the final day of the January trading account as news of new fiscal incentives for the stock market encouraged buying. The Comit index rose 10.44 to 478.62, up 4.8 per cent on the week, in turnover estimated at around Thursday's heavy L386.3bn.

Generali continued to set the pace for the market – adding L1,530 to L33,420, then rallying to L34,000 after hours.

Stet rose L90 to L2,020 after Siemens of Germany expressed interest on Thursday in buying Stet's telecommunications equipment subsidiary, Italtel.

But Credito savings shares continued to slide on confirmation that Iri would not allow them to be converted into ordinary shares. They fell L93 to L1,810.

STOCKHOLM was lifted by Ericsson, up SKr5 to SKr18 in the B shares, and hopes of lower interest rates. The Affärsvärlden index gained 4.4 to 927.0, down 2.25 per cent on the week, as turnover fell to SKr585m from SKr866m. Electrolux went against the trend with a fall of SKr4 to SKr233 on overseas selling.

OSLO closed steady in moderate trading with medium-sized companies grabbing investor interest. The all-share index edged up 0.2 at 385 points, down slightly on the week, in turnover of NKr222m.

There was unusually heavy trade in the shipping company Norsk Amerikalinje which closed at NKr9.40, a rise of over 9 per cent over two days.

COPENHAGEN closed higher in the wake of Prime Minister Poul Schlüter's resignation, the KFX index closing up 0.80 at 75.97. The general belief was that a new government would not lead to drastic changes in Danish economic policy and might even make it easier for Danes to vote "yes" in the spring's scheduled referendum on the Maastricht treaty.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

January 15								
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1087.14	1087.65	1087.54	1086.48	1086.97	1087.90	1089.45	1089.58
FT-SE Eurotrack 200	1160.15	1160.67	1160.49	1158.96	1157.97	1158.37	1158.33	1160.32

	Jan 14	Jan 13	Jan 12	Jan 11	Jan 8
FT-SE Eurotrack 100	1076.93	1063.02	1071.43	1069.87	1080.25
FT-SE Eurotrack 200	1154.08	1144.79	1152.84	1155.95	1167.34

Base value 1000 (26/10/90) High/day: 100 - 1090.67; 200 - 1160.93 Low/day: 100 - 1086.05 200 - 1156.62 .

ASIA PACIFIC

Hong Kong falls after China statement

PACIFIC Rim markets saw mixed performances yesterday, while Tokyo was closed for a national holiday, *writes Our Markets Staff.*

HONG KONG ended a four-day rally as investors reacted to another hardline statement by China on Hong Kong and to profit downgrades for HSBC Holdings. The Hang Seng index closed 18.36 lower at 5,871.80, up 6.2 per cent on the week, in turnover of more than HK$3bn.

The dip in HSBC – which accounts for 15 per cent of the Hang Seng index – also pulled the overall market down. The stock fell 50 cents to HK$60.00 while Hang Seng Bank rose 50 cents to HK$57.00.

AUSTRALIA was lifted by strong blue chips. The All Ordinaries index closed up 17.0 at 1,524.5, a gain of 1 per cent on the week, in turnover of A$259m.

News Corp advanced 74 cents to A$28.44 after a strong overnight performance in the US. ANZ gained 5 cents to A$3.08 after forecasting good earnings in 1993.

Foster's rose 8 cents to A$1.34 on the sale of 10 per cent of its Canadian brewing operations to Miller Brewing, the US group. BHP, which has a majority shareholding in Foster's, advanced 20 cents to A$13.12.

SINGAPORE closed higher on selective buying. The Straits Times Industrial Index rose 14 to 1,572.40, up 1 per cent on the week, in volume of 78.2m shares against 84.5m on Thursday.

Malaysian companies traded over the counter continued to ease on expectations of a slowdown in the Malaysian economy.

SEOUL closed slightly higher after fluctuating narrowly during the day, with buying of small-capitalisation shares more than compensating for a sell-off in financials and big manufacturers. The composite index closed 1.06 higher at 693.29, down 1.6 per cent on the week, in turnover of Won616.8bn after Won724.5bn.

TAIWAN ended well off its day's high on profit-taking after surging in early trade on expectations of a cut in the stock transaction tax. The weighted index, which was up more than 80 points at one stage, ended 17.27 higher at 3,314.83, for a gain of 4.5 per cent on the week. Turnover rose to T$16.8bn, the highest since last October, from Thursday's T$11.8bn.

MANILA fell on profit-taking with the composite index closing 8.0 lower at 1,312.55, barely changed on the week. Losers led gainers 28 to 11, with 25 issues unchanged as turnover declined to 129m pesos from Thursday's 140m pesos.

KUALA LUMPUR closed off the day's lows as some investors returned in the afternoon on renewed rumours that interest rates were to be lowered.

The composite index closed down 2.32 at 617.49, 1.9 per cent lower on the week. Sime Darby rose 16 cents to M$4.68 on news that Malaysia Mining Corp had sold 27m shares in the group at M$4.50 each.

BANGKOK closed higher, buoyed up by the market leader Bangkok Bank. But other big banks came under selling pressure after their recent advance. The SET index rose 5.38 to 943.59, up 2.5 per cent on the week, in turnover of Bt8bn.

Bangkok Bank, which reported higher 1992 after-tax net profit on Thursday, gained Bt3 to Bt112 and was the most active stock of the day. Thai Farmers Bank and Krung Thai Bank both lost Bt4 to Bt808 and Bt354 respectively.

NEW ZEALAND was slightly firmer in low volume, with the NZSE-40 index closing 8.12 higher at 1,517.17. Turnover stood at NZ$9.7m.

Telecom was unchanged at NZ$2.35, Carter Holt Harvey rose 5 cents to NZ$2.65 and Brierley rose 2 cents to NZ$1.05.

BOMBAY rose in spite of scattered trouble in parts of the city, rocked by Hindu-Moslem clashes which have claimed over 500 lives. The BSE index rose 65.87 to 2,525.54 as professionals said that the market had discounted the riots, that no one was selling, and that expectations of a favourable budget next month had lifted sentiment.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JANUARY 14 1993								WEDNESDAY JANUARY 13 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992/93 High	1992/93 Low	Year ago (approx)
Australia (68)	118.04	+0.6	113.83	93.79	99.39	117.16	+1.0	4.15	117.39	113.05	93.50	99.64	116.03	153.68	108.18	149.07
Austria (18)	132.37	+0.2	127.65	105.18	111.46	111.60	−0.1	2.19	132.71	127.22	105.22	112.13	111.74	186.70	132.11	165.76
Belgium (42)	135.28	+0.9	130.45	107.48	113.90	111.26	+0.2	5.43	134.03	129.07	106.74	113.75	111.06	152.27	131.19	140.91
Canada (113)	113.31	+0.7	109.26	90.03	95.40	104.98	+0.5	3.21	112.57	108.40	89.65	95.53	104.50	142.12	111.36	141.66
Denmark (33)	188.41	−0.9	181.68	149.71	158.64	160.61	−1.5	1.70	190.05	183.02	151.37	161.30	162.97	273.94	181.70	260.42
Finland (23)	70.43	+1.9	67.91	55.96	59.30	80.08	+1.3	1.76	69.11	66.55	55.05	58.66	79.05	89.80	52.84	87.71
France (99)	145.31	+1.8	140.12	115.45	122.34	125.14	+1.0	3.60	142.72	137.45	113.67	121.12	123.86	168.75	136.93	148.49
Germany (62)	102.90	+1.3	99.23	81.77	86.64	86.64	+0.5	2.63	101.59	97.83	80.92	86.22	86.22	129.89	101.59	116.37
Hong Kong (55)	236.11	+2.0	227.68	187.61	198.81	234.55	+2.0	3.82	231.48	222.93	184.37	196.48	229.95	262.28	176.36	181.92
Ireland (16)	140.07	−0.4	135.07	111.30	117.94	121.61	−0.5	4.36	140.80	135.40	111.98	119.33	122.18	173.71	122.98	167.17
Italy (76)	57.12	+3.2	55.08	45.39	48.09	64.03	+2.6	3.24	55.37	53.32	44.10	46.99	62.42	80.86	47.47	78.00
Japan (472)	101.07	+0.0	97.46	80.31	85.11	80.31	−0.2	1.04	101.08	97.34	80.50	85.80	80.50	140.95	87.27	124.57
Malaysia (69)	255.37	+1.5	246.25	202.90	215.01	255.76	+1.6	2.60	251.66	242.36	200.43	213.59	251.81	282.42	212.49	221.77
Mexico (18)	1652.26	−0.7	1593.25	1312.84	1391.16	5622.71	−0.6	1.07	1664.14	1602.63	1325.44	1412.42	5655.88	1789.77	1185.84	1505.45
Netherland (25)	152.09	+1.1	146.65	120.84	128.06	126.40	+0.3	4.50	150.39	144.83	119.78	127.64	125.99	169.70	147.88	150.59
New Zealand (13)	41.19	−0.6	39.72	32.73	34.68	42.70	−0.2	5.13	41.44	39.90	33.00	35.17	42.80	48.52	37.39	47.22
Norway (22)	143.60	+0.4	138.47	114.10	120.91	134.00	−0.8	1.80	143.09	137.80	113.97	121.45	135.08	192.95	128.05	185.61
Singapore (38)	209.43	+1.2	201.95	166.41	176.33	159.92	+1.0	2.06	207.04	199.39	164.90	175.72	158.29	229.63	179.65	225.21
South Africa (60)	157.95	+1.3	152.31	125.50	132.98	165.45	+0.5	3.07	155.98	150.19	124.21	132.36	164.60	263.60	134.21	258.32
Spain (47)	122.05	+2.7	117.69	96.98	102.76	106.57	+2.2	5.71	118.79	114.40	94.62	100.82	104.26	161.72	107.10	153.87
Sweden (36)	161.81	+2.2	156.03	128.57	136.24	172.65	−1.1	2.49	158.38	152.52	126.15	134.42	174.56	200.28	149.89	181.88
Switzerland (56)	112.58	+2.0	108.56	89.46	94.80	103.40	+1.3	2.07	110.40	106.32	87.94	93.72	102.12	122.37	95.99	100.26
United Kingdom (226)	170.59	+0.4	164.50	135.54	143.62	164.50	+0.5	4.50	169.95	163.67	135.35	144.23	163.67	200.07	161.86	178.14
USA (522)	178.20	+0.6	171.83	141.59	150.04	178.20	+0.6	2.87	177.05	170.51	141.02	150.28	177.05	180.06	160.92	170.54
Europe (781)	135.44	+1.1	130.60	107.61	114.04	123.74	+0.7	3.82	133.92	128.97	106.67	113.67	122.90	156.88	131.31	144.74
Nordic (114)	147.16	+1.3	141.91	116.93	123.91	139.74	−1.0	2.19	145.28	139.91	115.71	123.31	141.09	188.52	141.24	183.20
Pacific Basin (715)	106.11	+0.2	102.32	84.32	89.35	88.09	+0.0	1.40	105.93	102.02	84.37	89.91	86.10	141.97	93.70	127.09
Euro – Pacific (1496)	117.98	+0.6	113.77	93.74	99.33	101.09	+0.3	2.53	117.26	112.93	93.39	99.52	100.78	145.21	113.80	134.44
North America (635)	174.18	+0.6	167.96	138.41	146.66	173.24	+0.6	2.88	173.06	166.66	137.85	146.91	172.14	176.04	158.70	168.68
Europe Ex. UK (555)	114.40	+1.7	110.31	90.91	96.34	101.44	+0.8	3.32	112.51	108.35	89.63	95.51	100.63	132.98	111.33	124.40
Pacific Ex. Japan (243)	155.53	+1.3	149.98	123.60	130.97	145.36	+1.4	3.65	153.57	147.89	122.33	130.35	143.30	175.31	146.06	151.90
World Ex. US (1687)	119.24	+0.6	114.98	94.75	100.40	103.25	+0.3	2.54	118.51	114.13	94.40	100.59	102.93	146.81	115.99	136.89
World Ex. UK (1983)	135.10	+0.7	130.27	107.35	113.76	122.52	+0.4	2.47	134.22	129.26	106.91	113.93	121.97	150.56	127.21	144.25
World Ex. So. Af. (2149)	138.15	+0.6	133.21	109.78	116.32	125.85	+0.5	2.88	137.29	132.22	109.36	116.54	125.29	153.05	130.04	146.47
World Ex. Japan (1737)	159.02	+0.8	153.34	126.37	133.91	153.07	+0.7	3.22	157.71	151.88	125.62	133.87	152.03	165.40	151.93	160.55
The World Index (2209)	138.18	+0.6	133.24	109.80	116.35	126.22	+0.5	2.68	137.32	132.24	109.37	116.55	125.65	153.70	130.66	147.21

Constituent changes with effect 18/1/93: Addition: Pinault-Printemps (France). Deletion: Pinault (France).Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

BRITISH FUNDS - Cont.

[illegible]

BRITISH FUNDS - Cont.

[illegible]

OTHER FIXED INTEREST

[illegible]

Continued on next page

AMERICANS

	Notes	Price £	+ or −	1992 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	h	17⅞xd	−⅞	21¼	14⅝	16,812	2.1
Allegheny & W.	♥	467p	+8	467p	228p	237.5	4.1
Amdahl		498p	+50	1158p	439p	657.0	1.3
Amer Cyanamid		38⅝	—	39⅝	28⅝	3,302	2.8
Amer Express		16¼xd	+⅛	16⅞	10⅞	7,827	3.9
Amer T & T		34⅞xd	+½	34½	20⅝	45,832	2.4
Ameritech		48⅛	+1	48⅛	32½	21,070	4.8
BankAmerica		30⅞xd	+⅛	31⅞	19⅛	10,630	2.7
Bankers NY		43¼xd	−⅜	46⅛	28⅞	3,581	4.5
Bell Atlantic		34⅛	+1⅛	34⅞	23⅛	14,782	4.8
BellSouth		35⅞	+1⅞	35⅞	25	17,482	5.0
Bethlehem Steel	♥	10⅞xd	+⅛	10⅞	5⅛	832.8	–
Bowater		1462pxd	−23	1637p	905p	828.6	5.2
CPC	h	31⅝xd	+½	34	22⅝	4,798	2.4
Cadiz Land Inc	♥	115p	—	342p	108p	–	–
California Engy		1066p	—	1666p	581p	199.5	–
Chase Manhattan		19⅞xd	+⅞	19½	9⅛	2,865	3.9
Chrysler		22⅞xd	+½	23⅜	6⅛	6,698	1.7
Citicorp		14⅞xd	+⅛	14⅜	5⅞	5,296	–
Colgate-Palm		36½xd	+⅛	43⅛	25⅛	5,646	2.1
Cont'l Bank		1387p	+66	1444p	499p	1,411	2.7
Dana		30⅞xd	−⅞	31⅞	14⅞	1,388	3.3
Data General		794p	−15	1004p	384p	210.8	–
Decora Inds	♥	148p	—	148p	88p	–	–
Dun & Brad		38½	+⅛	38⅝	27⅜	6,669	3.7
Eaton		51⅛	−⅝	54½	32½	1,765	2.7
Echlin		15⅝xd	—	15⅞	7⅞	885.5	2.8
FPL		23⅞xd	+⅛	24⅛	17⅞	4,326	6.6
Ford Motor		29xd	+⅛	29⅞	15	14,138	2.2
Gen Elect		55¼xd	+⅛	57⅞	36⅛	47,186	2.9
General Host	♥	580p	−15	611p	380p	–	3.9
Gillette		38⅞xd	+⅞	40	23⅞	8,103	1.2
Hasbro		20⅝	—	23½	12⅝	1,812	0.6
Honeywell	h	21⅝xc	—	22⅞	16	6,068	2.6
Houston Inds		29¼	+⅛	30⅝	22	3,853	6.4
IBM		31½	−½	84½	29⅝	17,977	9.7
Ingersoll-Rand		20⅞xd	+⅛	21	12⅞	2,148	2.1
Lockheed		36⅛	+⅞	37⅛	22⅝	2,255	3.6
Lowe's	h	1649p	+26	1698p	815½p	1,203	1.1
Merrill Lynch		41⅞xd	+2⅞	41⅞	24⅛	4,369	1.8
Morgan (JP)		40xd	−1⅞	43⅞	28⅞	7,637	3.6
Morris (Philip)		47⅞xd	+⅞	52⅛	37⅞	44,095	2.3
NYNEX		55½	+⅝	56⅝	39⅝	11,397	5.3

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

ELECTRICALS

ENGINEERING-GENERAL - Cont.

HOTELS & LEISURE - Cont.

INVESTMENT TRUSTS - Cont.

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

TELEPHONE NETWORKS

MINES - Cont.

METALS & METAL FORMING

MISCELLANEOUS

TEXTILES

PROPERTY

INVESTMENT COMPANIES

OTHER FINANCIAL

TRANSPORT

MEDIA

OTHER INDUSTRIALS

WATER

SOUTH AFRICANS

MOTORS

STORES

PLANTATIONS

MINES

PACKAGING, PAPER & PRINTING

OIL & GAS

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- · Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Φ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ¶ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7181 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT2758. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above.

FT Cityline

Real time share prices and other stock market information is available through the FT Cityline International telephone service.
Annual subscription £250.00 stg.
Call +44 71-925 2128 for more details.

FINANCIAL TIMES
Weekend January 16/January 17 1993

BA employees protest at 'dirty tricks' affair

By Paul Betts, Aerospace Correspondent, in London

BRITISH AIRWAYS employees have bitterly attacked the company's handling of the Virgin Atlantic "dirty tricks" affair in the weekly staff newspaper.

A series of critical letters published yesterday in British Airways News included calls for the resignation of BA directors and the dismissal of all those responsible for the "dirty tricks" campaign against Virgin.

The letters reflected the dismay and demoralisation that has swept the company since BA apologised to Virgin in the High Court on Monday and agreed to pay Mr Richard Branson and Virgin £610,000 in libel damages.

Mr Derek Porter, a priority spares controller at Hatton Cross, wrote that he hoped "the perpetrators of this obscene episode are brought to justice". Those responsible should be instantly dismissed, he added.

Captain Peter Jenkinson, a Boeing 757/767 pilot, argued the claim by BA directors that they did not know what was going on was "difficult to believe".

BA woos fliers with cocoa and pyjamas................Page 4
Bugs infest the boardroom..................Page 6

He recalled an earlier instance of a director stepping down after accepting responsibility for events of which he had no knowledge at the time. "Surely the same rules apply today and the responsible parties must accept their grave mistakes and take the consequences," he wrote.

Mr Gary Moore, a product development co-ordinator, said he hoped "heads will roll" not only of those who planned the malpractice but also of those involved in what appeared to be a cover-up attempt.

Although some staff wrote to support BA's management led by Lord King, chairman, and Sir Colin Marshall, chief executive and deputy chairman, others said the company's credibility had been damaged and that they felt humiliated and ashamed.

Mr Will Herlihy, a senior fleet engineer at Heathrow airport, said: "Let's now all make sure it can never happen again."

Sir Colin yesterday wrote in the same paper that BA was taking "fair but effective and appropriate action" to ensure there would be no recurrence of the affair. He added BA intended to build a "new and less confrontational relationship" with Virgin.

Sir Colin said it was important "neither to ignore nor exaggerate the implications". BA had "huge strengths" and "the means, the only means, by which we have achieved our success is to have consistently delivered a better standard of service than our competitors".

● BA is expected to revive soon a partnership deal with USAir, the US carrier. BA last month abandoned a proposal to acquire a 44 per cent stake in the airline but is now expected to propose taking a 10 to 15 per cent stake.

Frenchman to become chairman of Euro Disney

By Alice Rawsthorn in Paris and Bernard Gray in London

MR Robert Fitzpatrick yesterday resigned as chairman of Euro Disney, which has faced speculation about its performance since the opening of the FFr4.2bn (£510m) EuroDisneyland theme park outside Paris last April.

He will be succeeded by Mr Philippe Bourguignon, 42, a Frenchman who orchestrated the development of hotels and property around the park. He joined Euro Disney in 1988 from Accor, one of France's largest hotel and leisure companies.

The news was greeted by a jump in Euro Disney's share price. The shares closed 28p higher at 778p in London and FFr2 higher at FFr66 in Paris.

Euro Disney denied that the departure of Mr Fitzpatrick, 52, was related to reports that the park was failing to meet its targets for attendance and merchandise sales. It said Mr Fitzpatrick wanted to hand over to an indigenous European management team, having completed the park's launch.

There had been speculation about his future at Euro Disney since September when he ceded part of his responsibilities by making Mr Bourguignon president in his place and becoming chairman. Mr Fitzpatrick plans to set up a consultancy in Paris but will remain on Euro Disney's management board.

Mr Fitzpatrick formerly worked for Walt Disney, the US leisure and entertainment group that owns 49 per cent of Euro Disney. He became president of the European company in 1987.

One of the more off-beat tasks he undertook at Disney in the US was dressing up as Goofy, the cartoon dog, and going around the Magic Kingdom theme park. He explained that all Disney employees did a spell in animal costume to meet the public and understand the business.

EuroDisneyland is the most expensive leisure complex yet to be built in Europe. It was originally expected to attract 11m visitors in its first year.

The company has refused to disclose specific figures, but it recently confirmed that the park, which was visited by 7m people in its first six months, would probably fall about 500,000 below target for attendance in its first full year.

Merchandise sales and occupancy levels at EuroDisneyland's five hotels have also fallen below expectations.

Euro Disney has cancelled plans for further property development around the park because of the precarious state of the Paris property market. This has led to a shortfall in projected capital gains, thereby increasing its financial costs.

Euro Disney recently announced a pre-tax loss of FFr399m for the year to September 30. Analysts expect heavier losses for the current financial year which will, for the first time, include the slack winter months.

London stocks, Page 13
World stocks, Page 19

Electricity pool to voice concerns over power deal for ICI

By David Lascelles and Andrew Baxter in London

THE UK electricity industry and large power consumers are to relay their concerns to the government over reports that Imperial Chemical Industries may be given special permission to buy electricity at below market rates.

The Energy Intensive Users Group, which includes some of the largest companies in the UK, is to see Mr Tim Eggar, the energy minister, early next week. A spokesman for British Steel, which belongs to the group, said his company wanted to learn more of the government's plans.

Members of the electricity pool, the regulated market through which all electricity has to be sold, have decided to write to the Department of Trade and Industry about the reports.

Although the DTI stresses that no decisions have been taken, it is believed to be considering a plan to allowing ICI to bypass the pool and buy power direct from a generator.

This could save it up to 20 per cent on its electricity bills. ICI says that unless it can buy power more cheaply, it may have to shut down its chlorine plant in Runcorn, Merseyside, with the loss of 7,000 jobs.

Mrs Margaret Thompson, the pool's chief executive who will be sending the letter, said yesterday that members felt the pool was "a big and complicated issue", and they wanted to ensure that the DTI understood the implications of making an exemption.

The pool's 30 members, representing generators and distributors, are worried that the government could create an unwelcome precedent. They are already under pressure from their customers to match any ICI deal.

The pool was established in the late 1980s, before the privatisation of the electricity industry. Prices are set every half hour throughout the day on the basis of bids placed by power stations.

The price paid by the pool includes charges for running the electricity system and ensuring that enough capacity is available to meet peak demands.

Power sold through the pool also incurs the nuclear levy, adding about 10 per cent to electricity bills.

Salvatore 'Toto' Riina after his capture in Palermo, Sicily

Italian authorities arrest alleged Cosa Nostra boss

Continued from Page 1

mer chauffeur. Mr Riina is reported to have created many enemies by his rejection of the traditional consensual way of dealing with the main Cosa Nostra clans. Instead, he imposed a bloody dictatorial rule enforced by an army of some 500 gunmen.

Buoyed by the enormous profits from the international drugs trade during the 1980s, he abandoned the old policy of seeking an accommodation with the state, escalating confrontation with schemes for promoting an independent Sicily. The most dramatic instances of challenging the state were the murders of Falcone and Borsellino.

These killings were the catalyst in forcing the authorities to act with greater determination, in turn prompting more people to inform on the Mafia.

The authorities have also begun to arrest politicians in Sicily, seize assets, disband Mafia-controlled municipalities and deploy the army in force.

The authorities warned that Cosa Nostra might counterattack violently to remind Italians that the organisation's fate did not depend upon the fate of Mr Riina.

NatWest rules out general pay increase

Continued from Page 1

Mr Alan Ainsworth, chief negotiator for the Bifu financial services union, said the bank's "arrogant disregard for staff feelings" was unbelievable. He said about 5,500 jobs had been cut last year with more likely.

The number of UK pay freezes has been rising recently. The Engineering Employers Federation estimates 13 per cent of settlements in engineering involve wage freezes.

The Confederation of British Industry revealed one manufacturing group in three had introduced a freeze since the beginning of the bargaining period last August. The most prominent freezes include:

● A six-month wage freeze for Rover Group employees from November as part of a two-year pay deal which includes a 3.6 per cent rise this May and 3.6 per cent from November.

● A freeze on basic rates for manual workers at Calor Gas, the gas production, distribution and retailing company.

● A 12-month freeze for all 3,500 employees at Swan Hunter shipyard followed by an inflation-linked pay rise.

THE LEX COLUMN

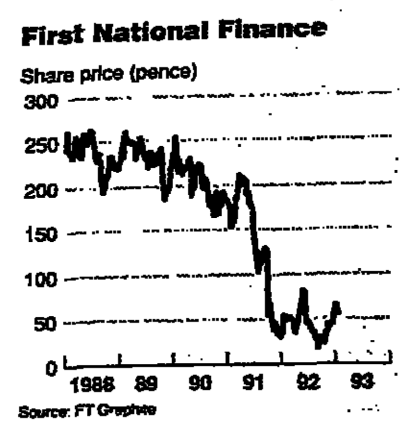
Winter chills

The UK stock market was always likely to pause for breath early this year after its Christmas sprint, but it has tired more quickly than some expected. Yesterday's news of a 0.1 per cent rise in the underlying inflation rate in December was worse than predicted. Some dispiriting corporate news from normal stalwarts such as Guinness has unsettled sentiment. The market is beginning to twitch at the prospect of the much-rumoured wave of rights issues, to say nothing of concerns over the government's £1bn-a-week borrowing programme.

As a result, the FT-SE 100 index has now shed 3 per cent since the beginning of the year. The outlook may be drab for a while to come. One development that might drive it higher is a cut in interest rates. But after yesterday's inflation figures the chancellor may not have the nerve to pre-empt any moves from the Bundesbank, especially since the pound has slipped to DM2.50. Any premature move could put pressure on his inflation targets in the second half of the year.

The one consolation is that bottom-up earnings forecasts from industry sector analysts are more optimistic than the prevailing top-down projections from economists. If the corporate reporting season reveals that the former are right, the market might take heart. In the meantime, the best turnover may come from switching out of the highly-rated recovery stocks into defensive sectors.

FT-SE Index: 2765.1 (+5.9)



Euro Disney

Investors in Euro Disney are hardly paying Mr Robert Fitzpatrick a compliment by marking up its shares some 4 per cent on news of his departure. They could easily be overestimating the significance, though, of what is primarily a symbolic change. Having a French manager at the top, especially one with the business skills of Mr Philippe Bourguignon, may make a difference. The company appears to be signalling a new determination in dealing with the disappointments that have marked its first year of operation. That does not make its problems any less daunting.

There are limits to the extent to which Euro Disney can compensate for lower than expected visitor numbers by cutting costs. Now that the pattern of visitor flows has been established, Mr Bourguignon can perhaps adjust some running expenses accordingly, but he can do little about the high fixed costs including the need to service long-term borrowings of FFr 6.2bn. The most promising approach appears to be an attempt to drum up additional business by aggressive marketing, above all in France, where public interest has proved lukewarm.

Even if he succeeds, shareholders may not realise much benefit. The company still faces a large burden of deferred payments to Walt Disney in the US which will be a continuing drag on its share price. But Walt Disney has little incentive to change the arrangements as that would only upset its own shareholders.

Airtours

Airtours may prefer to concentrate on persuading the market of the virtues of its hostile bid for Owners Abroad, but it would be dangerous for it to ignore the pressure building up on the competition policy front. The Monopolies and Mergers Commission has grounds at least to take a look.

After doubling in size following a successful bid, Airtours argues it would be better able to offset the aggressive dominance of the market leader, Thomson. This would bring a better competitive balance to the package tour industry even though the two leaders would control 60 per cent of it. A cartelised market would not develop because of the industry's low barriers to entry and its competitive character.

But the case looks suspicious, given the degree of vertical integration developing. Since Airtours owns the Pickfords travel agency and Thomson owns Lunn Poly, the travel business is starting to resemble the brewers' tie. These two powerful players can push their own brochures through their own travel agencies, at the expense of other operators. Even domestic ones such as Rank, owner of Butlins, admitted this week to a sharp loss of business last summer as a price war raged among package holiday operators.

The MMC might well conclude that the emergence of a strong number two is desirable to temper Thomson. It may refrain from being any more ambitious by its chastening experience of trying to free up pubs. But it is hard to accept that that Airtours' bid for Owners Abroad only affects a limited section of the holiday market.

FNFC

It seems a brazen move on the part of First National Finance Corporation to launch a rights issue after two years of losses which have seen group net assets shrink to £135m from £217m. Nor does it look good for the company that its plans were so widely trailed by the press in advance. The rights issue, which takes the form of convertible preference shares, carries unusually seductive terms, a gross yield of 9.3 per cent and a conversion price actually below last night's close. The immediate assumption could thus be that this is a cynical rescue issue in which shareholders will eventually find the promised resumption of dividends is being paid out of their own money. That would be unfair.

Although the parent company does need to bolster its balance sheet, the consumer credit division at last has a recovery story to tell – witness the turnround from loss of £12.8m in the first half of last year to profit of £8.2m in the second. The risky lending of the late 1980s is being increasingly replaced with new, better quality loans, but – thanks to the absence of competition – margins are holding up. They should increase further in the current year since lower money market rates have reduced the cost of financing fixed rate consumer loans.

Quite how far this will benefit 1992-93 results is hard to predict. There remain considerable problems with the commercial loan division which still has a net loan book of £262m after provisions. About £5m of the second-half consumer lending profits may not recur. The consumer credit division still relies on its ability to securitise its loan book in order to pay off bank borrowings. At least, in its anxiety to ensure success, the company has offered any shareholders who remain nervous rights which they can sell at a profit in the market.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Degussa	343.8	+	10.8
Douglas Hldg	446	+	20
Hochtief	923	+	21
Leifheit	385	+	27
Volkswagen	268.9	+	9.5
Falls			
Colonia Knzn Pf	445	–	19
New York ($)			
Rises			
Gen Electric	85¼	+	⅜
Falls			
Apple Computer	62	–	3
Digital Equip	41⅜	–	⅞
IBM	48¼	–	⅜
Texas Insts	56⅛	–	½
Westinghouse El	13½	–	1¼
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Accor	642	+	19
Cred Lyon (CI)	524	+	46.9
Fin Poliet	471	+	31
Paribas	390.6	+	18.7
Radiotechn	253	+	11
Falls			
Roussel-Uclaf	421.5	–	10.5
Tokyo (Yen)			
Tokyo closed.			
London (Pence)			
Rises			
Aspen Comms.	190	+	10
Baldwin	89	+	7
Birkby	144	+	13½
Breedon	105	+	8
Burndene Invs.	401	+	21
Colorvision	106	+	9
Euro Disney	778	+	28
Eurotunnel	389	+	12
First Nat. Fin.	88	+	11½
Flextech	77	+	5
Grosvenor Inns.	99	+	9
Hall Eng.	131	+	12
Prudential	296	+	9
Rubicon	133	+	10
Securicor A	660	+	17
Sidlaw	354	+	19
Sthn. Business	126	+	11
Telemetrix	110½	+	14½
Tie Rack	83	+	11
Watson & Philip	303	+	15
Falls			
Ashley (Laura)	70	–	17
Gent (SR)	43	–	7
OMI Intl.	22	–	5½
Persimmon	203	–	9

World Weather

UK Today: Wales and southern England will be cloudy with light rain. Central and eastern England will be dry. Scotland and northern England will be wet or drizzly and it will be mild and windy almost everywhere.

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Cairo	S	18	64	Inverness	R	4	39	Milan	C	8	46	Salzburg	S	8	46
Ajaccio	F	13	55	Cape Town	S	32	90	Isle of Man	F	7	45	Montreal †	Sn	-12	10	S'Francisco †	C	8	46
Algiers	S	15	59	Cardiff	F	11	52	Istanbul	F	6	43	Moscow	Sn	1	34	Seoul	S	0	32
Amsterdam	C	10	50	Chicago †	C	-6	21	Jersey	R	11	52	Munich	S	7	45	Singapore	F	31	88
Athens	S	16	61	Cologne	C	8	46	Johannesburg	S	28	82	Nairobi				Stockholm	F	2	36
Bahrain	S	12	54	Copenhagen	C	4	39	Las Palmas	S	20	68	Naples	S	17	63	Strasbourg	S	9	48
Barcelona	S	13	55	Corfu	S	15	59	Leeds	R	11	52	Nassau		–	–	Sydney	S	34	93
Beijing	S	-3	27	Dallas †	C	7	45	Lisbon	S	11	52	Newcastle	F	6	43	Tangier	S	17	63
Belfast	S	6	43	Dublin	R	8	46	Locarno	Fg	6	43	New Delhi	S	19	66	Tel Aviv	S	17	63
Belgrade	S	9	48	Dubrovnik	S	19	66	London	Dr	12	54	New York †	C	-1	30	Tenerife	S	22	72
Berlin	S	4	39	Edinburgh	F	7	45	Los Angeles †	R	12	54	Nice	C	13	55	Tokyo	Sl	4	39
Biarritz	S	17	63	Faro	S	15	59	Luxembourg	S	5	41	Nicosia	S	15	59	Toronto †	Sn	-6	21
Birmingham	F	11	52	Florence	S	15	59	Madeira	S	17	63	Oporto	S	14	57	Tunis	C	14	57
Blackpool	C	8	46	Frankfurt	F	5	41	Madrid	S	9	48	Oslo	C	4	39	Valencia	S	13	55
Bombay	S	28	82	Geneva	F	8	46	Majorca	C	16	61	Paris	S	12	54	Vancouver †	C	0	32
Bordeaux	S	18	64	Gibraltar	F	15	59	Malaga	S	15	59	Perth	C	25	77	Venice	S	12	54
Boulogne	C	12	54	Glasgow	S	6	43	Malta	C	15	59	Prague	S	5	41	Vienna	S	7	48
Bristol	S	11	52	Guernsey	C	11	52	Manchester	R	11	52	Reykjavik	F	-1	30	Warsaw	S	4	39
Brussels	S	12	54	Helsinki	S	1	34	Melbourne	S	37	99	Rhodes	S	16	61	Washington †	C	3	37
Budapest	S	10	50	Hong Kong		–	–	Mexico City		–	–	Rio de Janeiro		–	–	Wellington	R	18	61
Buenos Aires		–	–	Innsbruck	S	5	41	Miami †	S	21	70	Rome	S	16	61	Zurich	C	5	41

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

هكذا من الأصل

Weekend FT

SECTION II

Weekend January 16/January 17 1993

The arts perform a dance of death

The Soviet heritage is suffering under free market pressures. Gone are the lavish subsidies and the bonds which lent excitement and discipline, pushing performers to the limits of their art, says ***John Lloyd***

RUSSIAN culture, the envy of the world during the era of Soviet repression, is now critically ill from the effects of freedom. In all the arts for which Russia was famed, the pride of setting international standards has been replaced by despair or cynicism. Already, it is too late to save some parts of the Soviet cultural heritage: for much else, the end seems near.

But why should one care about saving the cultural heritage of a brutal regime? Did it not involve censorship of every production and KGB snoopers on every foreign tour, in every cutting room and at every opening night? Yes: but under communist rule the arts were also lavishly subsidised. Standards in music, dance and theatre were kept up and a big effort was made to spread high culture throughout society. The Soviet heritage was unfree but within its political fetters, a culture of great excellence. That duality helps to explain the present crisis and the nostalgia felt by many artists for the lost era of party control.

Under the communist regime, high art was as well rewarded as popular art. Yuri Gussman, head of Russia's Cinematographers' Union and a film director in his native Azerbaijan, says: "Directors making a film for three people were paid more than the directors of the most popular musicals. Some of them were good, some were terrible. Anyway, the market did not matter."

Now, looking back, it is said that oppression gave energy to those who sought to push their artistic boundaries to the limit, lending an excitement and discipline which today's formless freedom cannot provide.Indeed, before communism, most of Russia's great art was produced under a highly authoritarian system.

Arkady Ostrovsky, one of Moscow's brightest young drama critics, says: "Vladimir Visotsky [a famed protest singer of the 1970s who stayed just within the tolerated limits] played Hamlet at the Taganka Theatre. Everyone went to see him because he was saying something about our society. Now, the theatre is not shocking and no one wants it to shock."

Yet, in the first years of Mikhail Gorbachev's glasnost policy, the intelligentsia was delighted by the progressive escape from censorship. In the late 1980s, before the failures of economic restructuring were obvious, it was a joy to see one veil after another whipped away: the publication of Anatoly Rybakov's *Children of the Arbat* [an anti-Stalinist novel written without hope of publication 20 years before]; the performance of extracts of Solzhenitsyn's *Gulag Archipelago* on a Moscow stage – for which, with a shock, I saw a poster inside the Soviet Foreign Ministry in 1990.

It was not easy at first. When the pianist Mikhail Rudy, who defected in 1977 in his mid 20s, came back in 1989 to play with the Leningrad Philharmonic, he found the orchestra "glacial...they had not ever been able to talk to a political exile before, and they were scared". Yet a year ago, he undertook a five-concert tour of Moscow and St Petersburg, as it had become, and recorded a disc with the same orchestra.

Of the famous expatriates, only Solzhenitsyn has yet to return – and he is held up by his own doubts about the responsibilities which will be thrust upon him as one who has become an icon of nationalism. The composer Alfred Shnitke, best known of contemporary Russian composers, was once cold-shouldered by official Soviet musicology and attracted venom for being performed abroad. Now he plays to glittering crowds and is reverentially broadcast on Russian television.

But in the third year after Boris Yeltsin came to power, the freshness has gone. Irina Miroshnichenko, one of Russia's foremost classical actresses and consultant to Moscow City Council on culture says:. "These are the hardest of times in the arts. Much that we took for granted is now disappearing or being destroyed. It is so distressing."

In the theatre, provincial houses are being closed and those that remain, concentrate on popular classics, while seeking sponsorship from foreign and Russian businessmen. In Perm, the city's new business club sponsors a private ballet company. In Rostov-on-Don, the city's first privatised company buys favour by sponsoring the youth theatre and a bi-annual children's drama festival. In Moscow, the operetta theatre round the corner from the mighty Bolshoy is supported by the US Electra company.

The Bolshoy itself faces the hard times in better shape than most companies: it can trade on its name, both at home and abroad. Although its performances, especially of opera, are said to lack the old lustre, it still puts on magnificent evenings – shown last year by its tribute to the Russian diva Galina Vishnevskaya, with endless encores and emotional heat. It has shaken free of the stifling embrace of Gosconcert, the state agency which arranged its foreign tours and the performances of foreign companies on its stage. Now it can keep the foreign currency it earns abroad.

It has engaged the services of a British marketing group, the Sporting Partnership, which is installing a hard currency bar on the first floor, printing Bolshoy Theatre T-shirts, setting up foreign ticket agencies and printing a full colour programme. Most revolutionary of all, Alex Kilgour, who runs the partnership, has persuaded the Bolshoi to divulge its programme to the public at least one month in advance. The Bolshoy will survive.

One cannot be so optimistic about Russian cinema. Although much of its output in the Soviet period was banal, it was at least Russian. Now, the cinemas in its capital show almost no Russian films: a recent count of 48 showed only three to be Russian-made; of the rest, 25 were from the US, seven from western Europe, six from Latin America and the rest from other countries.

The films included *The Great American Cheerleader Hijack* from the US, in which has-been football stars kidnap cheerleaders and hold them to ransom; *Sex Slaves* from France, in which police uncover a crime ring which sells girls to rich Arabs; and *Red Heat*, also from the US, in which Arnold Schwarzenegger plays a Moscow policeman on the trail of Georgian drug smugglers with the help of a Chicago cop.

Among the most celebrated of the contemporary Russian film makers is Stanislav Govorukhin, for his two long documentary films *This is no Life* and *The Russia we Lost* – alternately lyrical and angry evocations of a wonderful past and a diseased present. Yet *The Russia We Lost* played in one small cinema in Moscow this summer after its release, and then disappeared.

Govorukhin's work, nostalgic and nationalistic, points to one direction for the arts in modern Russia – an attempt to rediscover the old Russian culture which was overlaid by the Soviet orthodoxy and is now being hounded into minority enclaves by commercial pressures.

It is music, however which is in the worst predicament. Russian musical talent, especially pianists and violinists, dominated 20th century concert halls. Most of the artists passed through the legendary Moscow Conservatoire – a place of frighteningly high standards and mystical discipline, where the best teachers led lives of deliberate obscurity, the finest of them never performing in public and eschewing a concert career for the craft of musical pedagogy. Igor Ketakic, a talented Serb pianist in his early 20s, now finishing his Conservatoire course, says: "Coming here ten years ago, I caught the end of the great tradition – the tradition begun by Leopold Auer in Petersburg, going through Heifetz, Jankelevich, Perelman. [Laruissa] Glazaraova (still at the Conservatoire) was my teacher and she was one of the last greats. Now you can buy your way in and buy your way on, now you give a video recorder to the teacher to persuade him to take you. It is all lost."

Yuri Rozum, a Russian pianist now becoming internationally known after a period in which the KGB prevented him from travelling,says: "There is a Russian school of piano and violin teaching which is quite distinctive. It set a standard. There is no question it is getting less distinctive now. We are losing our people abroad".

Rozum spends more time on the German and Italian circuits, although his home is a self-built dacha just outside Moscow, to which he commutes in a Mercedes.

Some of this is simply Russia entering into world show business – with stars moving freely between the great stages. But it also represents a loss for the country, since the great stages of Russia are impoverished. The few stars who visit Russia are either émigrés returning for a dewy-eyed tour, such as the Moscow Virtuosi, who now live in Spain, or foreigners coming for free. A recent newspaper article congratulated the Austrian pianist Leonid Brumberg, the Spanish guitarist Carlos Trepat and the Israeli conductor Itai Talgam for appearing "without demanding high fees in hard currency".

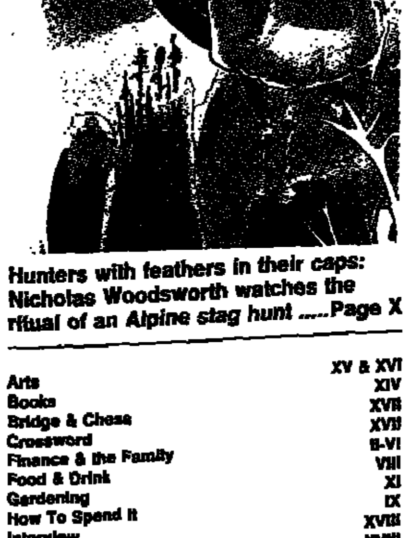
But many who do come find as much chaos in the new artistic world as in Russia's politics and economics. What should have been last summer's premier event, a grandly conceived operatic pageant in Red Square lasting a week, turned into a fiasco. It was badly-organised, ill-attended and over-policed. Resentful Moscovites glared into a square one-quarter filled with foreigners barely attending to such superstars as Jose Carreras, Marylin Horne, Leo Nucci and Margaret Price. Omari Sokhadze, who conceived the venture, is still disputing the costs with the Russian and Moscow city governments.

This is one of the malign consequences of freedom: the

Continued on Page XII

The Bolshoy exposed, Page XVI

CONTENTS



Hunters with feathers in their caps: Nicholas Woodsworth watches the ritual of an *Alpine stag hunt* .....Page X

The Long View/**Barry Riley**

Ride down Gilt Mountain

YOUR UK edition of the *FT* is costing you an extra 5p this week at 65p, but will it soon set you back 76p by courtesy of Norman Lamont? The chancellor has a fair chance of finding ways to escape from his daunting problems this year, but somebody will have to pay. It could be you (and me).

The New Year started badly in the securities markets in London, with profits being taken in equities and long-dated gilt-edged yields climbing back up to 9 per cent as the announcement of next week's gilt auction has provided an early reminder of the coming flood of paper.

On the other hand yesterday's drop in the inflation index to 2.6 per cent, though entirely dependent on falling mortgage rates, gave a reminder of the kind of short-term opportunities that the politicians will be able to exploit this year.

Meanwhile, the pound sterling has bounced firmly off $1.50 at the beginning of the month, and sterling has been able to watch the latest round of speculative pressure on the European exchange rate mechanism from a distance. The ERM has survived, because the markets are now discounting a significant cut in German interest rates this year; the French franc need not be devalued against the D-mark because the D-mark has depreciated by 15 per cent against the dollar since the height of the currency crisis last September.

From the British point of view the danger is that gains in competitiveness in Continental markets might be significantly eroded, which could be awkward now that recovery has become the main official economic objective. Although there is some nervousness in official quarters about cutting interest rates again so soon, before the response of the economy can be properly judged – it is just two months since base rates dropped to 7 per cent – this is a card which Lamont will want to play, possibly in his March 16 Budget.

The big financial problem, remember, is that the government will need to sell £50bn or more of gilts in the 1993-94 financial year. This is more than can be readily financed out of regular savings flows within the British economy so there will have to be some reliance on shifts in holdings of existing financial assets, and on investment by foreigners. In a catastrophic scenario the Bank of England would be raising gilt yields to whatever level was required to entice pension funds into dumping equities, but fortunately we are a long way from that 1970s-type crisis point.

All the same, it looks increasingly inevitable that Norman Lamont will have to resort to escape route one, a switch to underfunding. This is jargon for saying that the government will finance part of its deficit through the banking system. Essentially the banks will shift a proportion of their assets into the public sector: at present British banks have only 3 per cent of their portfolios in public sector assets, whereas in the US, where the government has been underfunding like crazy, the banks have 22 per cent.

Escape route two is likely to be a low level of short-term interest rates. Six months ago long-term rates were lower than short rates, now they are two percentage points *higher*, and the bigger that gap becomes the easier it will be to sell gilts. Low interest rates will also serve to weaken sterling which is important if substantial sales are to be made to foreigners: they will not buy gilts unless they are convinced that sterling is at a bargain basement level from which it is more likely to rise than to depreciate further. Alternatively the government could borrow in foreign currencies, but that would only highlight the lack of confidence in the pound.

There are important limitations on the scope for cutting sterling interest rates, however. Already the building societies are tending to suffer a net loss of savings and they surely could not follow money market rates down much below 6 per cent. The banking sector became bloated through high deposit rates in the 1980s but could be nastily squeezed by low rates now – although it would be open to the building societies to finance mortgage lending through longer-term savings products. While instant access accounts might yield little, five-year fixed-rate bonds could offer a lot more. But this does not look like a year in which it will be much fun running a building society.

Lamont's third escape route could be through tax increases. Lenders are much happier when they think the borrower does not really need the money – but nobody wants to lend to a desperate man. Above all, the gilt market will want to be able to see a way in which the budget deficit can shrink in 1994-95. In any case, fiscal tightness is an appropriate counterweight to monetary relaxation.

This government will not increase income tax, as it probably should, but a temporary dip in the headline inflation rate in the early part of this year would give a window for an extension of the coverage of value-added tax. The sins of the press could be punished at last; and those children's clothing lobbyists had better polish up their heartstring-plucking arguments.

So the Treasury's escape committee should have reasonable scope for initiatives this year. The funding requirements are demanding, but we start from the relatively strong position of an historic government debt burden of only 36 per cent of GDP: this is nothing like Italy, where the corresponding figure is over 100 per cent. The trouble is, each tactical shift could weaken the room for manoeuvre in the longer term. In particular, there is no anti-inflationary anchor now that we have left the ERM, in last year's death-defying policy switch.

You need to be smart and lucky to be a successful escapologist. And even Harry Houdini turned out in the end to have a soft underbelly.

London

Facts are not necessarily better than rumours

By Peter Martin, Financial Editor

AS THE affairs of the royal family drift out of the realm of rumour into that of fact, the financial markets seem to be heading in the opposite direction.

Any stock market trader worth his red braces had got hold of a faxed transcript of the purported royal telephone conversation this week. All were instant experts on who said what to whom. Yet no-one seemed to know what was really happening to interest rates, to corporate rights issues, or to fiscal policy.

Throughout the week all three were the subject of persistent rumours. Base rates were set to fall on Friday, so the gossip went; a large rights issue was due at any moment; the government might – or might not – raise value added tax in the budget, widen the VAT base, cut back on income tax relief.

By the end of the week there had been no cut in interest rates, and only one new rights issue, raising £46m for First National Finance. The outlook for taxes remained shrouded in mystery. The only new fact available was the date of the Budget, March 16.

The outlook for interest rates seemed particularly unclear. Although the government had been signalling for some time that an immediate cut in rates was unlikely, traders convinced themselves that one was possible on Friday.

They were reinforced in this view by the recent strength of sterling – in the early part of the week it was still healthily above DM 2.50, well above its post-Black Wednesday lows – and by short-term movements in the money markets, where the overnight rate fell to as low as 3 per cent at one point.

Friday came and went, however, with base-rates firmly stuck at 7 per cent. That was not the only bad news. Sterling had weakened to below DM 2.50 for the first time since the very first days of the year. Worse, new inflation statistics appeared to limit the government's freedom to make such a cut any time soon.

The figures for the retail price index in December, published at Friday lunchtime, contained the expected healthy performance on the headline inflation rate, which fell to 2.6 per cent, the lowest rate since the summer of 1986.

The rate the government is watching, however, is the underlying one, calculated by leaving out the drop in mortgage interest payments. This was much less encouraging. It rose 0.1 per cent in December to 3.7 per cent, ominously near the the government's target ceiling of 4 per cent.

Not only does this make an immediate cut in short-term interest rates less likely, it also has worrying implications for long-term rates.

Investors alarmed at the size of likely public-sector borrowing this year have been pinning their hopes to a Budget which does something to close the gap between what the government takes in and what it spends. One talked-about measure is a higher rate of VAT – or the extension of this tax to more items.

A move of either sort, on a scale large enough to be much help to government finances, would be likely to push inflation over its target ceiling in the second half of 1993. Friday's inflation figures help close off this revenue-raising option, making the threat of an uncontrollable rise in public borrowing more real.

The gilt market had had an unpleasant reminder of that fact earlier in the week, thanks to Tuesday's announcement of a gilt auction. This long-expected news served to concentrate the worriers' minds, and the yield on the long-term gilt rose to 8.83 per cent, a rise of a quarter of a percentage point in six trading days.

By Friday, despite the poor inflation news, gilts had recovered slightly, with the yield on the long gilt finishing the week at 8.77 per cent. Next week's performance will turn on the December public sector borrowing figures, due on Tuesday.

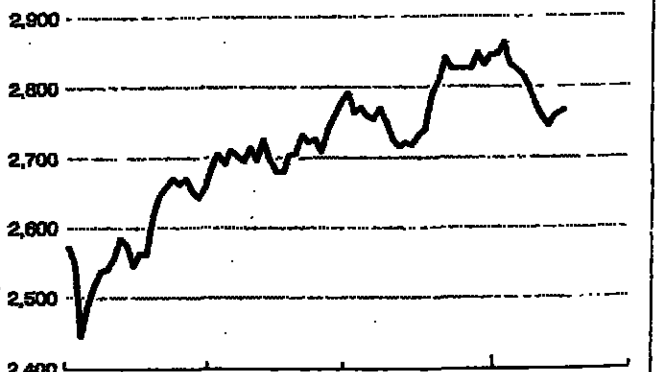
Fixed-interest investors will not be the only people watching that number closely. Finance Directors eager to raise cash will be keen to get their rights issues away before the flood of government paper hits the market.

Though there have as yet been no unexpected large issues, the market is apprehensive that they are on the way. Two making headlines this week – the Lonrho issue, which closed on Friday, and the FNFC issue announced the same day – were scarcely favourable auguries.

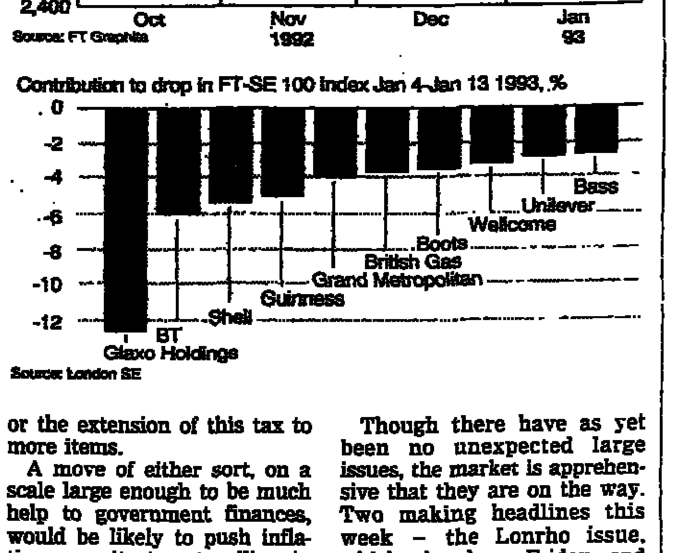
As intended, large investors stayed away from the Lonrho issue in droves, leaving the way clear for Dieter Bock, the German property entrepreneur, to become the group's largest shareholder. The FNFC issue of convertible preference shares, a rescue operation, came as the consumer credit company announced a £32m pre-tax loss for the year.

This, at least, was fact rather than rumour. So were some intriguing figures calculated by the London Stock Exchange, and summarised in the chart. They show that a handful of big companies are an important cause of the slide in the FT-SE 100 index from its high of 2861.5 on January 4, 1993 to the 2,765.1 recorded at Friday's close.

Nearly half the index's fall is accounted for by the performance of ten big shares. The drop in Glaxo alone accounts for 13 per cent of the index's slide. It has not been a good week for the mighty, all round.



Source: FT Graphite



Source: London SE

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992/93 High	1992/93 Low	
FT-SE 100 Index	2765.1	-34.1	2861.5	2281.0	Gilt funding/rights issues worries
FT-SE Mid 250 Index	2890.6	-42.1	2919.3	2157.8	Profit-taking
BP	228½	-8	304	182	US selling
BPB Inds	182	-20	203	123	German competition worries
Central ITV	1740	+65	1740	1050	Stock shortage
Commercial Union	613	-21	641	402	Rights issue worries
Courtaulds	569	-26½	616	371	Lehman "switch" advice
English China Clays	454	-24	603	330	Competition worries
GUS A	1630	-80	1728	1319	Retail recovery doubts
Guinness	470	-25	644	463	Restructuring charge/downgrades
IMI	261	-17	306	210	Brokers negative
PowerGen	295½	+20½	296½	196	Coal deal hopes rise
Rank Organisation	692	-24	772	444	Weak results/downgrades
Royal Insurance	278	-13	294	118	US credit rating agency downgrade
Shandwick	20	+5½	43	3	US prospects

Serious Money

Index linking adds shine to gilts

By Philip Coggan, Personal Finance Editor

INFLATION has fallen to 2.6 per cent, so it may seem an odd time to be extolling the virtues of index-linked gilts. But their appeal to the private investor is three-fold. The first attraction is that inflation might rise, whatever the views of the pundits. Traditionally, devaluations of the pound and high budget deficits have led to higher prices eventually.

The second is that, even if inflation does stay low, the "real" returns (the nominal returns minus inflation) offered by index-linked gilts may look attractive. Currently long-dated indexed issues offer real returns of between 3.5 and four per cent.

The attractions are increased by their tax efficiency. Much of the return from an index-linked gilt comes in the form of tax-free capital gain. There is a small income – two or 2.5 per cent – on most issues. But this means that even top-rate taxpayers will pay a maximum of one per cent in tax per annum.

So, assuming inflation averages four per cent, an index-linked issue with a real yield of 3.7 per cent offers the prospect of a net return of 6.7 per cent a year to the top-rate taxpayer. A building society would have to pay 11.2 per cent gross to offer an equivalent return.

What about conventional gilts as an alternative? It is possible to work out a break-even level inflation rate, above which index-linked issues will be more attractive than conventional gilts.

Graham Cox, economist at Sun Life, says these calculations make index-linked issues look very attractive. For top-rate taxpayers, Greenwell Montagu shows the break-even inflation rates as 1.62 per cent for the 2001 issue; 1.6 per cent for 1998; 1.24 per cent for 1996; and *minus* 0.4 per cent for the 1994 issue. Most economists would expect inflation to be higher than those rates.

So why are these highly attractive investments not a more common part of investors' portfolios? One problem is that, though simple in concept, index-linked gilts are fiendishly complicated in practice. The value of your investment does not go up in line with inflation every year.

All that is certain for the investor is that the repayment value of the gilt *on maturity* will reflect the increase in the retail prices index since issue. Similarly, the dividend will go up in line with the RPI each half-year.

But the price of the gilt is set by supply and demand; so if investors think that inflation is going to be low, and sell index-linked gilts, the price will fall. Index-linked issues will then trade, as they do now, below their theoretical value.

This makes them more attractive to new investors buying at current prices. Instead of the two per cent or 2.5 per cent above inflation that such gilts offered on issue, they now offer real returns of 3.5 per cent plus.

What makes pricing specially difficult is the eight month "gap" in indexation. Rather than use the RPI figures for the month of issue and maturity, the Bank of England calculates indexation on the basis of the RPI *eight months before* issue and maturity. This is administratively easier for the Bank but is a lot more difficult for everyone else.

The consequence of the gap is that investors are left without inflation protection for the last eight months of the issue. So the higher the expected inflation rate, the lower the real return on index-linked.

This has a particular effect on short-dated issues since the eight-month gap is a large proportion of the time till maturity. The *FT*, for example, shows real yields on the basis of five per cent, and 10 per cent, expected inflation. On Friday morning, the 1996 issue had a real yield of 2.85 per cent on the former basis, but only 2.18 per cent on the latter. For the 2020 issue, the yields were 3.94 per cent and 3.82 per cent respectively.

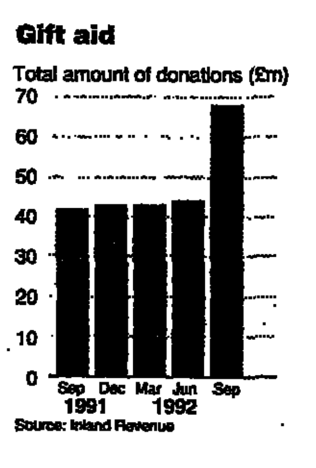
An example of how indexation works in practice might help. The base RPI for the 1996 issue is 67.9 (the figure for July 1980) and if the issue were redeemed today, the relevant index would be April's 138.8 (both figures are given on the *FT* prices pages, under British funds). Dividing the latter by the former gives 2.044, so an investor who bought £1,000 of stock on issue would be repaid £2,044. The actual price on Friday morning, however, was 194¾. So the market value of the investor's holding would be £1,947.50. The original coupon of two per cent, or £20, would now have more than doubled to around £41 a year.

If inflation averages five per cent between now and the repayment date of September 1996, then the final repayment value should be around £2,380 (indexation only occurs until January 1996). So someone buying £1,000 of the stock now, would have around £1,223 on maturity; plus an income of just over two per cent a year.

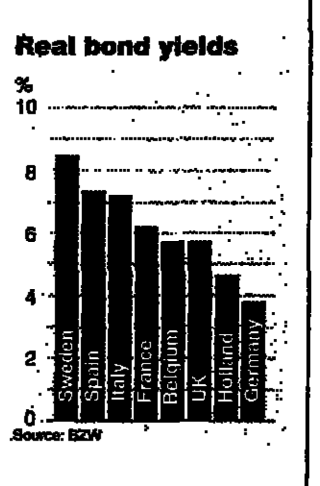
For the 2.5 per cent 2001 issue, the repayment date is September of that year. If inflation averages five per cent between now and then, someone buying £1,000 of stock would get around £1,645 on maturity, and a taxable income of a little over 2.5 per cent a year in the interim.

These are not spectacular gains (and indeed inflation could be lower than five per cent); in the short term, there is always the risk that index-linked prices might fall (especially if the government floods the market with new issues). But the prospect of tax-free profits from the government ought to make many investors consider index-linked as a core holding in their portfolios.

AT A GLANCE



Source: Inland Revenue



Source: BZW

Sharp rise in charitable giving through Gift Aid

Gift Aid, the scheme which allows tax-efficient single donations to charity, took off in the third quarter of last year, according to figures issued this week by the Inland Revenue. Donations from individuals increased from £25m in the three months to the end of June to £37.9m, while corporate donations rose from £19.2m to £30.1m.

Average individual donations rose from £1,764 to £2,073, which suggests that the move cannot be accounted for by the cut in the minimum donation allowed under the scheme from £600 to £400.

The figures are included in the latest edition of *The Outline Guide to Charitable Giving and to Establishing Charitable Gift Trusts*, published by Investment and Tax Publishing Services (tel: 0234 218740), which gives full details of the scheme. Price £48 (£42 until February 26).

European bond unit trust

Barclays Unicorn is launching a new European Bond unit trust on Monday. It will be the first onshore unit trust aiming for total return rather than income to invest exclusively in European markets.

According to BZW Investment Management, which will manage the trust, the high real yields available in Europe at present are attractive (see accompanying graph), and there is a hope of capital gain if yields converge towards German levels. The capital value of the fund should also benefit from cuts in German base rates, if and when they happen.

Minimum investment is £1,000, or £30 per month. Initial charge is 3.5 per cent (with a 1 per cent discount during the offer period which lasts until January 29), and annual charges are 0.75 per cent.

Income is distributed in March and September, and the projected initial yield is 3.5 per cent.

Nationwide reports house price fall

Nationwide Building Society says that house prices fell by 4.6 per cent in the fourth quarter of 1992. However, the society says the house price-earnings ratio is now 2.9, lower than at any level since 1960. And the prices of new homes are holding up better than those of older properties.

The average new house price fell by 2.2 per cent in the quarter, compared with 5.5 per cent for properties built before 1944.

Pensions salary cap announced

The pensions salary cap for 1993-94 will be £77,400, up from £75,000 in 1992-92 according to Scottish Equitable and Scottish Provident. The figure depends on the inflation rate for December 1992, which was announced yesterday as 2.6 per cent. The cap limits the amount of tax-free contributions employees can make to occupational and personal pension schemes.

Pause for smaller companies

Smaller company shares paused for breath after their recent rally. The County index rose 0.5 per cent over the week to January 14 from 968.43 to 973.25; the Hoare Govett index (capital gains version) fell 0.1 per cent from 1252.69 to 1251.67 over the same period.

Wall Street

Operation Technology overshadows Iraq

IF THERE was a reason why the US stock markets reacted so indifferently this week to the news that Allied warplanes had bombed Iraq, it was that investors were too busy kicking up a storm in the technology sector to notice.

The huge gains earned by computer and related technology stocks this week have energised Wall Street, fuelling talk that semiconductor and software companies are rapidly becoming the new bellwethers of the market. A futures trader in Chicago said on Thursday that Intel and Microsoft had replaced General Motors and IBM as the best indicators of market performance.

Given that Intel and Microsoft have come from nowhere in the last decade to challenge IBM's position as the company with the largest market capitalisation in the US, and that both stocks are traded on Nasdaq's electronic dealer-driven market and not on the New York Stock Exchange, traditional home to the nation's blue-chips, the US equity markets appear to be undergoing a quiet revolution.

The evidence is certainly there. The Nasdaq is now the world's second largest stock market when measured in terms of the dollar value of trading. Last year, $890.8bn of shares were traded on the market, almost double Tokyo's total.

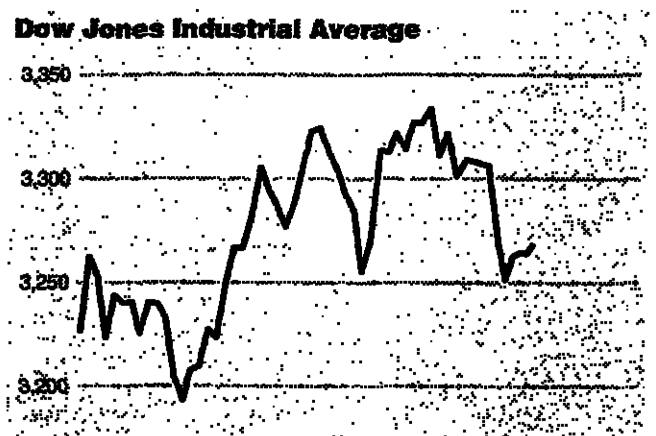
Although this was still some way short of the NYSE's $1,700bn, the Nasdaq is catching up fast. Dollar volume grew by 28.4 per cent last year, more than double the NYSE's growth rate.

In terms of the number of shares traded, Nasdaq is also coming up on the Big Board's rails. More than 48bn shares were traded on Nasdaq last year, compared with 51bn shares on the NYSE. It is even closer in terms of average daily volume, which stands at 202m shares to 191m shares in the NYSE's favour.

The story behind the figures is that more US investors are trading the stock of smaller, fast-expanding companies which derive much of their growth from technological innovation, and less are trading the big, established industrial giants of the post-war era whose growth move ponderously in synchronisation with the economic cycle.

Also, more investors are trading the new stocks via dealers who quote prices on computer screens and trade over the telephone, as opposed to trading through brokers who complete orders on pieces of paper with specialist market-makers on the floor of the NYSE.

The shifting nature of equities trading can also be seen in the performance of the various indices. Anyone glancing at the financial page this week would have judged that the US markets were going nowhere in a hurry – the Dow Jones Industrial Average rose about 16 points in the first four days of trading and, at 3,267, is still 150 points below 1992's high. The Standard & Poor's 500 has fared only slightly better, and remains down on the year so far.



Source: FT Graphite

Yet if someone was told that the Nasdaq's main index was as good a representation of market performance as the Dow or the S&P's 500, the picture changes. The Nasdaq composite index has already risen three per cent this year, to a new all-time high of 695.70 (Thursday's close). Daily volume on Nasdaq so far this year has also been extremely high at 242m shares, almost as much as the 249m shares recorded on the NYSE.

The message in all this seems to be that if you want to find out how investors rate the performance of US companies, it is worth checking to see how the Nasdaq composite is doing, as well as the Dow or S&P's.

Yet this message should carry a warning. Many of the stocks that have lifted the Nasdaq market to new highs are small, growth-oriented, technology-based companies that are viewed by investors as excellent vehicles for speculation. They like to buy them when the Nasdaq market booms, but they are just as quick to get out at the first hint of a setback. As beneficiaries of the market's "hot money", Nasdaq prices are much more volatile than their counterparts on the NYSE.

The recent rise in Nasdaq stocks already has the look of a speculative rally, and a pattern is developing similar to last year. In the first quarter of 1992, investors could not get enough of Nasdaq stocks, and the composite index rose 6.3 per cent. The same stocks, however, suddenly fell out of favour when the rally slowed and, in the second quarter, the composite index dropped 7.5 per cent.

Do not be surprised if something similar happens this year. Analysts this week were already warning that the Nasdaq market was looking a bit "frothy". As one analyst put it: "All of these stocks have come too far, too fast, and will have a come-uppance at some point."

Patrick Harverson

Monday	3262.75	+	11.08
Tuesday	3264.64	+	1.89
Wednesday	3263.56	–	1.08
Thursday	3267.88	+	4.32
Friday			

The Bottom Line/**Andrew Bolger**

Fortune favours the cautious

FORTUNE is said to favour the brave, but a cautious approach has helped to turn First Leisure, the 10-pin bowling, discotheque and tourist attractions group, into one of the classiest acts in the hard-hit leisure sector.

While many groups expanded rapidly during the 1980s, only to collapse under the burden of debt when the consumer spending boom ended, First Leisure was careful to keep its gearing low.

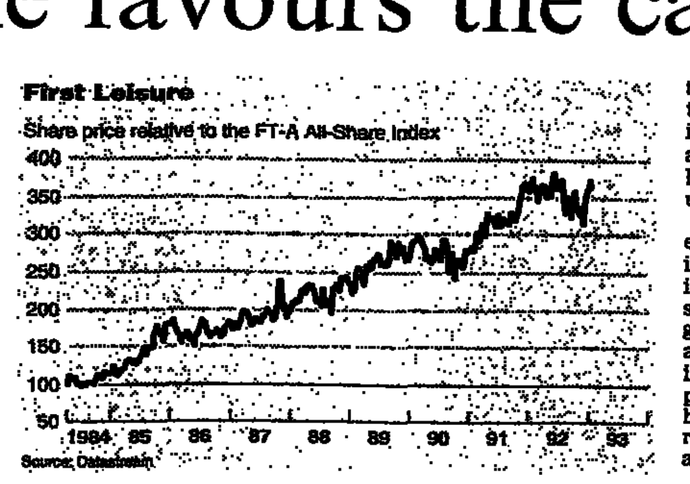
The company nevertheless used its strong cashflow to invest heavily in large discotheques, both in city centres and new edge-of-town sites, and its resorts, such as the Blackpool Tower, pier and Winter Gardens.

John Conlan, chief executive, has also helped bring 10-pin bowling up to date with the group's Super Bowl sites. These aim to attract families, with simple scoring systems, fast food and electronic games.

The resilience of these businesses was demonstrated this week when First Leisure maintained its 10-year record of profits growth. Even more impressive, in spite of what it described as "increasingly adverse trading conditions", the group reported a slight increase in its net profit to sales margin of 29 per cent.

First Leisure started in 1983 as a £37.5m buy-out from Forte by Lord Delfont. The 85-year-old, who is still life president of the company, stepped down as chairman last year, to be replaced by Lord Rayne, a comparative stripling at 74. Since flotation in 1983, the group's market value has grown more than tenfold and stands at over £500m.

Inevitably this sort of quality comes at a price. The shares trade on a prospective multiple of nearly 20, a hefty premium to the market. The main question concerning the group is whether it can continue to grow at this rate, without making a significant acquisition or finding a new business area.



Source: Datastream

Conlan emphasises the considerable scope for organic growth in the existing businesses - particularly 10-pin bowling. The group spent £34m on capital investment last year, and will spend as much again this year. Some £8m of last year's total went into refurbishment of six of the group's largest discos. The venues were closed for several months, but the group is confident that the improvements will be justified by attracting customers when consumer spending does recover.

The fall in property values in the south-east of England gives the group a chance to increase its cover particularly around and within the M25, where it has been previously been under-represented.

Lord Rayne, chairman, is enthusiastic about the group's increasing scope to benefit, as it expands, from economies of scale in buying its drinks, goods and equipment such as amusement machines. It is investing £3m in electronic point of sale technology and hopes to use it to emulate large retailers by improving margins and stock control.

To that end the group last year hired Graham Coles as finance director. Before spending a brief spell at Amber Day, the discount retailer, Coles was finance director for three years with BhS.

Two years ago First Leisure took its first, tentative, step into continental Europe by buying a large discotheque in Amsterdam. The venue is trading profitably, but Conlan said its main benefit was in training managers in a foreign market. He is aware of the importance of understanding different cultural backgrounds to making a success of a leisure venue. Not least for that reason, he is likely to concentrate on the south-east of England before venturing further into Europe.

The company has identified two possible new areas for expansion – mass-market health and fitness clubs, and bingo. The huge high street bingo market is carved up between Bass and Rank and neither seems a likely seller.

Conlan is interested in bringing bingo to more upmarket, edge-of-town sites. Analysts are not sure that bingo can be transferred from its present high-street environment of converted cinemas and the like. But one said he knew that First Leisure would do its homework, and only make the move if it was sure of success. That sort of confidence goes a long way to explaining the group's premium rating.

FINANCE AND THE FAMILY

The threat to interest relief on mortgages

Scheherazade Daneshkhu looks at the cost of Miras, increasingly seen as a burden by government

JUST two years after Norman Lamont, the chancellor, abolished higher rate tax relief on mortgage interest, speculation is mounting that the sacred cow of Miras, mortgage interest relief at source, might again be under threat.

With a public sector borrowing requirement approaching £37bn this financial year, and expectations that it might top £50bn in 1993-94, there is no shortage of guesses about the measures the government might take to reduce it.

The cost of Miras to the government has been falling but it is still expensive. It is expected to cost the Treasury £5.2bn this year, down from £6.1bn in 1991-92. The fall is a reflection of the sluggish housing market and the lowering of interest rates last year. In 1990-91, the last year of marginal rate tax relief, the cost of Miras peaked at £7.7bn.

Miras has been criticised for being an inefficient subsidy since it is applied at a flat rate to all borrowers, regardless of financial position.

It has also been blamed for helping to keep house prices high. But two measures have watered down the distortionary effects on the housing market. The first was the £30,000 ceiling on loans, increased from £25,000 in 1983 but not raised since. This was followed in 1991 by the abolition of higher rate tax relief. The announcement that dual mortgage tax relief would be abolished in 1988 was highly inflationary but its disappearance has now helped to reduce the importance of Miras to home buyers.

Nevertheless, experts believe that abolishing Miras might have a disastrous effect on confidence in the housing market, unless it were accompanied by other measures, for example encouraging first-time buyers.

There are 9.7m people who benefit from Miras. The greatest number – 5.8m – earn between £10,000 to £25,000. None would welcome, but many could afford, to lose the existing relief – £637 a year on a £30,000 mortgage – particularly if it were phased out rather than removed in one go.

Those who would be most affected by abolition are at the bottom end of the market. The interest at 8.5 per cent on a £50,000 mortgage is £354 a month and Miras brings this figure down to £301 a month – a 17 per cent difference.

Ian Darby, of mortgage brokers John Charcol, says that this could make the difference between buying or renting for prospective first-time buyers. At current rates of interest, there is little difference between the cost of buying or renting and most people would therefore prefer to buy.

He says: "Removing Miras might tilt the balance again against buying. Those at the middle and top end of the market are reliant on the bottom end to get the chain moving."

Estate agents have been reporting increased activity in December and January. David Goldsworthy, president of the National Association of Estate Agents, says that it would not be helpful of the government to abolish Miras when such interest has just started to pick up.

"House prices would fall and it could make the negative equity situation worse," he says.

Mindful of the possibility of such an effect, there have been a number of suggestions to change Miras but to use the the savings to galvanise the bottom end of the market.

Halifax, the UK's largest lender, has suggested raising the ceiling for first-time buyers only. The extra relief could then be phased out over a number of years. But this measure might still prove more costly than the existing system unless mortgage relief was withdrawn from other borrowers: Halifax suggests phasing out tax relief for existing owner-occupiers.

However, there is concern about penalising those who already have mortgages. "We would want existing borrowers to be protected," said Adrian Coles, of the Council of Mortgage Lenders.

"We are in deep recession with high arrears and repossessions. It would not be sensible to make existing mortgages more expensive."

Michael Shaw, chief executive of Britannia building society and chairman of the Building Societies Association, agrees. "I would rather the government left Miras untouched because in the present state of the market, any changes could be disruptive," he said.

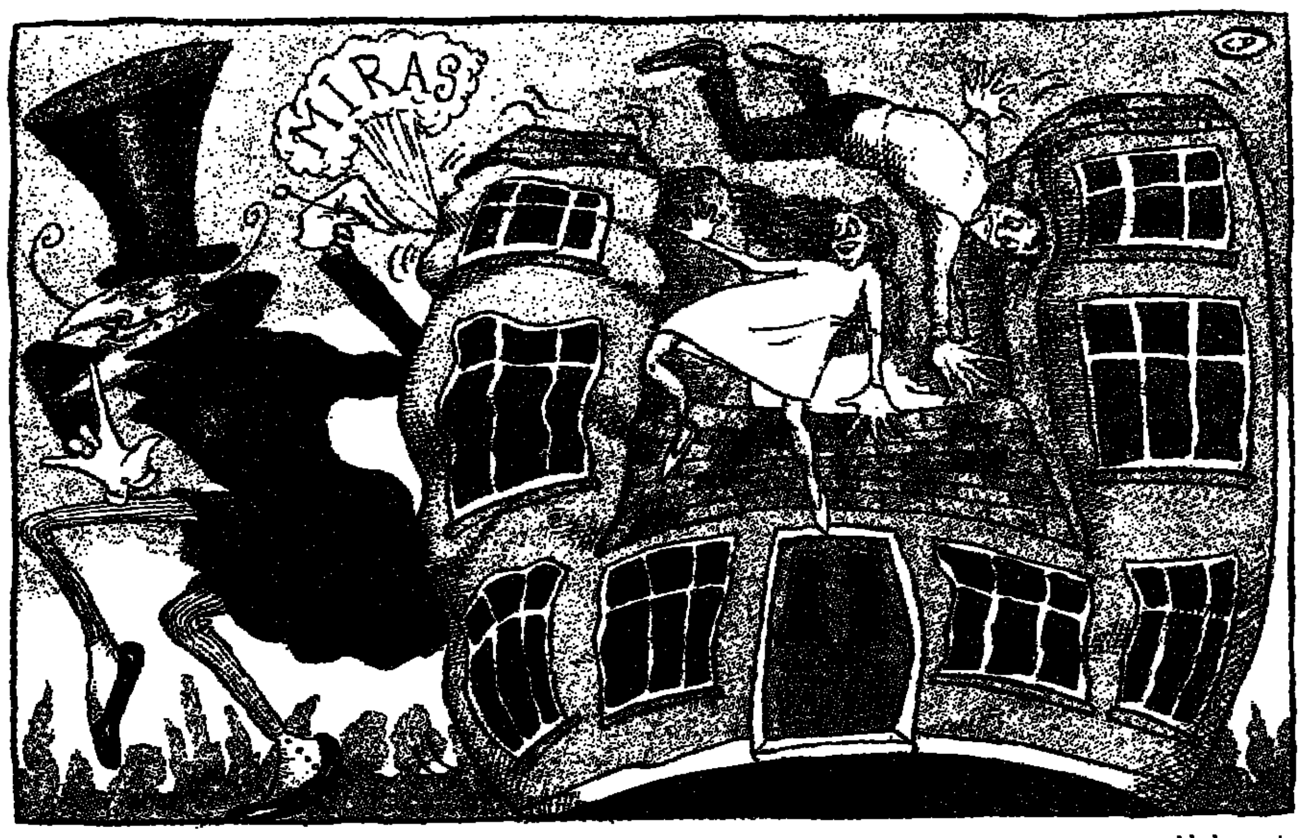
However, Tim Melville-Ross, chief executive of Nationwide, supports the gradual phasing out of Miras but, in the current state of the property market, believes it could be combined with incentives for first time buyers.

He would also like the government to use the money saved by providing low income mortgage owners with a subsidy similar to the housing subsidy to which those in the rental sector are entitled.

Short-term incentives, however, carry their own danger. The temporary abolition of stamp duty on properties worth up to £250,000 at the end of 1991, is now agreed to have been little short of a disaster. "It didn't create more sales – it just bunched them up. There was a rush of activity and then the market went dead," said Paul Burgin, of Abbey National, the second largest lender. "We welcome moves to help the housing market but not short-term measures that distort it."

John Wriglesworth, building society analyst at UBS Phillips and Drew, is another critic of Miras but thinks that withdrawing it without a substitute would cause psychological damage to a stagnant market. His idea is to withdraw Miras but give instead a lump sum grant of £3,000-£4,000 to all house buyers to encourage movement in the market.

In order to avoid the stamp duty syndrome, when buyers rushed to complete before the tax was reimposed last August, he says the government should not announce the suspension of the lump sum payment long in advance. But it could be removed once the housing market started to pick up.



Daniel Dorling, housing research fellow at the University of Newcastle-upon-Tyne, regards Miras as a waste of money. "The problem with Miras is that only a small proportion of it goes to the people who need the relief. It doesn't help young buyers. It is a badly-targetted, inefficient subsidy."

He suggests phasing Miras out by reducing the £30,000 ceiling by £1,000 each quarter on mortgages. The money saved could be used to support the bottom end of the market by buying up properties for social housing.

Dorling does not believe the effect on the property market would be negative but prospective housebuyers could be given an incentive in the form of the removal of stamp duty.

It is clear that the government would have to apply any changes to Miras carefully so that confidence in an already fragile housing market is not further undermined. It may begin with gentle tinkering of the subsidy but it seems increasingly certain that Miras's days are numbered.

How does Miras work?

MIRAS IS effectively a subsidy to those who take out a mortgage to buy a home. The mortgage holder gets tax relief on the interest he pays for the loan, but there is a ceiling on the size of the loan eligible for tax relief – currently £30,000. The amount of relief is also limited to 25 per cent even for top-rate taxpayers.

If you were to take out a mortgage for £30,000 at an interest rate of 8.50 per cent the amount of interest you would have to pay for a year would be £2,550. Tax relief at 25 per cent on this amount would be £637.50. So the total interest you would pay would be £1,912.50.

The tax relief for someone taking out a £100,000 mortgage would still be £637.50 because of the £30,000 ceiling on the size of the loan. Higher rate taxpayers cannot claim any extra relief.

In 1983, the way in which the tax relief was applied changed to become mortgage interest relief at source (Miras). The borrower pays interest net of the basic rate relief and the lender reclaims the tax relief from the Inland Revenue. Before the change, relief was given by tax offices through tax assessments.

Building a retirement nest egg

John Authers reports on single premium pensions for the self-employed

RETIREMENT saving for the self-employed takes discipline. But it can be done much more effectively, and more cheaply, if the discipline comes from the saver and not the insurance company. That means using single premium pensions, rather than the more heavily sold and arguably more convenient regular premium contracts.

At this time of year, people with an irregular income will normally start to put some of it into a personal pension. This is most administratively simple if the pension is a regular premium arrangement, where you have contracted in advance to make fixed payments at fixed intervals. The other big advantage of this method is "pound-cost averaging". By saving regularly in small amounts, the problem of timing is avoided, and, if the market is turbulent, then at least some of the premiums will be paid when values are at their cheapest.

If you opt to buy a single premium pension each year, you will need to do so between January and March. But James Higgins of Chamberlain De Broe points out that the first few months of the year are not traditionally the best time to invest in equities. The standard stock market saw is to "sell in May and go away".

So regular premiums might be better for the totally unsophisticated. However, there are limits to this investment argument. Firstly, single premiums allow the investor to choose a different manager each year, diversifying risk, and spreading expertise. Diversification is, if anything, even more desirable than pound-cost averaging.

Taking the pension on retirement could get very difficult if too many companies are used. But using five or six fund managers, rather than one, for managing pension funds, can only increase the security of the final retirement income.

Then there is the fact that, in the words of John Cole, of Berry, Birch & Noble, "a pension is no more than an investment which has tax advantages and also tax restrictions". It should be treated, he says, as a part of a wide portfolio of investments.

As pensions justifiably cost more to administer than other forms of saving, that would point to making regular savings through another vehicle, and topping up annually with single premium pensions where necessary. For example, regular savings into a unit or investment trust Pep provide much the same investments as a personal pension. Contributions are not "grossed up" when they are paid in, but the final payout can be taken at any time and is more tax-efficient than a pension payout.

Those who do not opt for a Pep saving scheme might still take out a regular premium pension plan for a relatively small amount. This limits the danger that you will be unable to keep up with a high regular premium, and then face stiff penalties.

This is the approach recommended by David Harris of Chantrey Vellacott. He says: "In general, I would attempt to encourage individuals to pay around 25 per cent of their total annual contributions by regular premiums and then undertake a fuller, additional, planning exercise to use up as much of their total retirement reliefs as possible each year."

Personal pensions come in almost as broad a range of sectors and investments as unit trusts, so this allows enthusiastic investors the chance to make some imaginative choices.

It is the expense which makes single premiums better for most people. Typically, the commission on a £100 per month regular contract works out at £540, while for a £5,000 single premium it would be £260 – you would need to pay regular premiums a long time to counterbalance this.

The "allocation rate" plays an important part of this – this refers to the proportion of premiums paid which are actually put towards providing retirement benefits. According to Harris, with regular contributions, allocation rates for an initial period (usually one or two years) are between 50 and 70 per cent. After that, around 95 per cent will go towards benefits. This can increase to more than 100 per cent for young lives, or for large contributions (Harris suggests £500 per month or more).

By contrast, single premium contributions under £5,000 usually have between 95 and 97 per cent allocation rates, according to Harris, and this can rise to 105 per cent for contributions of £15,000 or more.

Other charges to watch out for on regular premium contracts are the standard bid-offer spread – almost always five per cent – plus annual management charges and flat plan charges.

Cole identifies one typical client for whom single premiums are always preferable – the person who takes early retirement and then continues to work on a freelance or consultancy basis. Both the level of income each year from such an arrangement, and the timespan before the client wants to start drawing the pension are unknown, so a regular premium policy cannot be justified.

The Week Ahead

Photo-Me International, the world's largest photo-booth manufacturer and operator, is expected on Monday to report a marginal increase in interim pre-tax profits from £8.7m to about £8.9m.

Analysts will be interested in the degree of increased competition in the UK from overseas companies, and the performance of new products.

On Tuesday, Eurocamp, the camping holiday company floated in July 1991, is forecast to reveal pre-tax profits for the year to October of about £9.4m, up from £8.2m. Lower interest payments, increased demand and broader markets – especially Germany and the Netherlands – all lie behind the rise.

Yorkshire Tyne-Tees, the merged ITV company, should announce pre-tax profits of about £17.5m for the year to September, with two months included from Tyne Tees. This would be a little below original estimates of about £19m, but still a solid base to begin tackling its new franchise.

Anxiety about the preference dividend at Kunick, the fruit machines to nursing homes group, seems set to prove unfounded at the announcement of the annual results on Wednesday. Forecasts are for a pre-tax loss of about £3.5m, after some £6m of exceptionals, against a profit of £12.4m.

The seasonality of Park Food Group's main business (selling Christmas hampers) means it regularly reports pre-tax losses at the interim stage. A smaller first-half deficit is expected to be announced on Friday, down from £4.4m to £4m.

Demand continues for fixed-rate mortgages

Fixed-rate mortgages are continuing to attract potential homeowners

FIXED-RATE mortgage offers continued to be issued this week to satisfy increased demand while interest rates remain low.

Anne Gunter, of National Westminster bank's mortgage services, says nearly half the bank's customers chose a fixed-rate mortgage last year. The bank has launched three more fixed rate offers, which apply to endowment and pension mortgages only.

The choice is between a fix of 7.99 per cent until February 28 1995, one at 8.69 per cent until the end of February 1997 or 9.29 per cent until February 29 2000. All carry a fee of £250. The redemption penalties are two months, three months and six months respectively.

Halifax has issued three new short-term fixed rates, two of which are aimed at first-time buyers. They can choose to pay 6.5 per cent fixed until October 31 1994 if they borrow up to 90 per cent of the value of the home, or 6.7 per cent for the same period on a maximum loan of 95 per cent. Fixed rates are available on all types of mortgage and an insurance-related product has to be taken out. The fee is £200 and the early redemption penalty is two months' interest. A fixed rate of 7.5 per cent is available until April 30 1995 on all mortgage types.

Leeds Permanent has issued a three-year mortgage fixed at 7.45 per cent, but it is restricted to loans on not more than 70 per cent of the value of the home. Those wanting an 80 per cent loan can fix at 7.75 per cent. The fee for either mortgage is £195 and they are available on all types of loan. The borrower has to buy two insurance-related products. Early redemption charges are staggered annually.

Portman building society is launching a first-time buyer's mortgage from Monday, available on repayment mortgages as well as others. Buyers can choose between two types of offer. They can either accept a discount of two percentage points below the society's variable base rate, currently 8.7 per cent, for 12 months – the rate is therefore 6.7 per cent – or they can fix at 6.7 per cent until March 31 1994. The mortgages come with two years redundancy cover but building and contents insurance has to be taken out. There is no application fee.

Portman is offering a 7.5 per cent two-year fix, distinguished by requiring no application fee. It is available on all types of mortgage, and is not dependent on the borrower taking out insurance-related products. There is a three months' redemption penalty on these mortgages.

Nationwide is also offering a two-year fix at 7.25 per cent, available on repayment and endowment mortgages. The arrangement fee is £195 and Nationwide's mortgage payment cover policy has to be taken out. Early redemption penalties are six months in the first year, four in the second.

Two fixed rate deals became available from Birmingham Midshires this week. The first is 7.35 per cent fixed for two years for an arrangement fee of £195. The early redemption penalty is three months interest. Those wanting to fix for a longer period may prefer to pay 8.49 per cent fixed until the end of January 1998. The fee is £245 with a penalty of six months' interest payable on early redemption.

Scheherazade Daneshkhu

News in Brief

CONFEDERATION PEP Managers is launching an income Pep, which gives investors the choice of three unit trusts: high income, growth and smaller companies. The high income trust is eighth out of 30 in the UK balanced sector over three years to January 1, with growth of 16.1 per cent (offer-to-bid with income reinvested). The yield is 5.9 per cent.

The growth trust is 38th out of 93 in the UK general sector over three years, with a rise of 15.6 per cent. The yield is 3.9 per cent. In a poor period for smaller companies, Confederation's fund is 26th out of 56 in its sector over three years.

All three trusts have initial charges of 5.7 per cent and annual charges of 1.25 per cent. The only further charges for PEP investors are £25 plus VAT for second (and subsequent) withdrawals within a year, or for those who want annual reports. Minimum investment is £1,000.

□□□

Scottish Life is offering a product to help the calculations of those who are not in a final salary pension scheme. Talisman Retirement Targeting will work out what level of contributions into a personal pension are needed to get a given percentage of salary at retirement. The system will allow for factors such as the need for a spouse's pension.

□□□

Northern Rock Building Society has relaunched Go Direct, its instant access postal account. It is paying 8.55 per cent gross on £20,000 and above, 8.3 per cent gross on £10,000 to just under £20,000 and 8.05 per cent gross on a minimum investment of £2,000.

Coventry Building Society is offering a limited issue two year fixed rate account which pays 8.7 per cent gross on £40,000 and above. The rate on £25,000 to £40,000 is 8.5 per cent gross and on a minimum balance of £1,000, it is 8 per cent gross. Withdrawals during the fixed rate period will be subject to 90 days' loss of interest.

□□□

Family Assurance has launched an ingenious new pension fund, aimed at people in the last decade before retirement. It will use both cash funds and index-tracking equity funds to offer an alternative to more traditional "with-profits" contracts.

The Retirement Countdown Bond can be used either as a personal pension or as a free standing additional voluntary contribution (FSAVC).

A proportion of money invested will be placed in a fixed interest and cash fund managed by Family, while the remainder is invested in the Morgan Grenfell FT-All Share index tracker fund. For those within two years of retirement the fund is entirely invested in cash.

Minimum investment is £2,000. Charges include a £60 start-up fee 5 per cent bid-offer spread, a 1 per cent fund management charge and monthly administration charge of £1.50.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Postal	£250	6.80%	Yly
Skipton BS	Money Post	041 248 8757	Postal	£2,000	8.55%	Yly
Britannia BS	Capital Trust	0800 654456	Postal	£25,000	9.00%	Yly
Scarborough BS	Scarbgh Ninety 3	0723 368155	90 Day	£500	7.25%	Yly
Royal Bank of Scotland	Gold Ninety	0800 121121	90 Day	£10,000	8.05%	Yly
Newcastle BS	Nova Star	091 232 6676	1 Year	£5,000	9.25%□	Yly
Chelsea BS	Premier VI	0800 272505	31.3.95	£10,000	10.00☆	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	9.49%	Yly
West Bromwich		021 525 7070	5 Year	£150	9.00%	Yly
National Counties BS		0372 742211	5 Year	£3,000	8.75%	Yly
Tipton & Coseley BS		021 557 2551	5 Year	£1	8.65%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	6.50%	Yly
Citibank	Money Market Plus	0800 555884	Instant	£2,000	7.20%§	Mly
Chelsea BS	Classic Postal	0800 717515	Instant	£10,000	7.60%‡	Yly
				£25,000	8.10%‡	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman CI Ltd	Channel Islands	0481 822747	Instant	£500	7.00%	Yly
Portman CI Ltd	Channel Isl. Plus	0481 822747	60 Day	£10,000	7.75%	Yly
				£25,000	8.00%	Yly
				£50,000	8.75%	Yly
GUARANTEED INCOME BONDS (Net)						
Prosperity FN		0800 521546	1 Year	£25,000	5.90%	Yly
General Portfolio FN		0279 462839	2 Year	£50,000	5.60%	Yly
Laurentian Life FN		0452 371371	3 Year	£50,000	6.70%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	6.55%	Yly
London & Manchester FN		0392 441441	5 Year	£2,000	7.00%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	6.25%	Yly
	Income Bonds		3 Month	£2,000	7.00%	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% + Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. B = Bond.
☆= Rate fixed only until 1.4.93. □ = Rate guaranteed until 28.2.93. §= Rate guaranteed only until 1.2.93. ‡= Rate guaranteed only until 12.2.93.
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Evode	128	128	106	93.1	Laporte
Do. Prf.	112	111	101	45.7	Laporte
Owners Abroad	108	113	109	160.9	Airtours
Do. Cnv. Prf.	103	205	179	53.6	Airtours

*All cash offer. ††Cash alternative. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 15/1/93. §§Shares and cash. †Price at suspension.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aberforth Smaller	Dec	4,320	(1,060)	5.80	(5.27)	4.6	(4.5)
Barr (A G)	Oct	5,970	(3,310)	21.67	(12.2)	4.75	(4.37)
Burndene Investments	Oct	5,780	(4,330)	39.5	(29.31)	13.0	(8.5)
Denmans Electrical	Sept	1,520	(1,260)	23.73	(18.75)	6.1	(5.85)
Dewhurst	Sept	849	(642)	5.1	(4.03)	1.89	(1.8)
First Leisure	Oct	31,100	(30,370)	15.83	(15.57)	6.14	(5.69)
Intercare	Oct	3,600	(1,500)	9.5	(7.5)	2.6	(2.0)
Kershaw (A & Sons)	Oct	9.900	(9,930)	27.9	(28.0)	27.0	(27.0)
Lowe (Robert H)	Oct	667 L	(297 L)	-	(-)	-	(-)
M&W	Sept	2,030	(2,150)	8.17	(9.21)	2.5	(2.25)
Microgen	Oct	8,240	(7,280)	13.8	(12.2)	7.25	(7.0)
McMullen & Sons	Sept	4,540	(3,510)	-	(-)	-	(-)
Neotronics Tech.	Sept	3,030	(2,620)	7.65	(7.26)	2.6	(2.52)
Rank Organisation	Oct	230,100	(250,500)	37.8	(38.4)	31.0	(31.0)
Securicor	Sept	54,500	(33,000)	24.3	(16.7)	2.62	(2.33)
Security Services	Sept	37,000	(20,400)	20.7	(12.0)	5.03	(4.48)
Southern Business	Sept	15,300	(14,440)	10.62	(10.07)	3.38	(2.23)
Torex Hire	Oct	335 L	(216 L)	-	(-)	0.4	(0.4)
Treatt	Sept	1,270	(1,180)	9.37	(8.53)	3.6	(3.4)
TSB Group	Oct	43,000	(47,000 L)	0.6	(-)	6.4	(6.4)
Union Square	Mar	483 L	(10,480 L)	-	(-)	-	(-)
Watson & Philip	Oct	10,330	(11,800)	21.7	(25.4)	13.3	(12.8)
Windsor	Sept	616	(1,200 L)	1.69	(-)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aberforth Split	Dec‡‡	804	(842)	4.0	(4.0)
Barbour Index	Oct	2,710	(2,780)	2.55	(2.4)
Birkdale Group	Sept	494 L	(64)	-	(-)
Carclo Engineering	Sept	3,680	(2,870)	1.8	(1.71)
Cray Electronics	Oct	17,830	(536)	0.5	(-)
Dalepak Foods	Oct	1,600	(1,700)	1.5	(1.5)
Dixons	Nov	14,200	(17.5)	1.0	(1.6)
Dudley Jenkins	Oct	383	(254)	2.71	(2.54)
Ellis & Everard	Oct	6,500	(7,500)	2.25	(2.25)
First Spanish Inv.	Nov‡‡	293	(270)	-	(-)
Goode Durrant	Oct	1,800	(2,640)	2.15	(2.15)
Grosvenor Inns	Nov	319	(-)	2.0	(-)
Hadleigh Industries	Sept	357 L	(535 L)	-	(-)
Hampson Industries	Sept	1,690	(1,620)	0.4	(0.6)
Howden Group	Oct	6,050	(5,810)	0.75	(0.7)
Jacques Vert	Oct	186	(125 L)	1.0	(2.0)
Jones Stroud	Sept	3,290	(2,490)	3.3	(3.0)
Kelt Energy	Sept	629	(4,130 L)	-	(-)
MITIE	Sept	943	(726)	1.5	(1.25)
Nobo Group	Oct	622	(62)	1.5	(1.0)
Smith (David S)	Oct	15,200	(3.1)	12.2	(3.4p)
Stanley Leisure	Nov	3,530	3,730	1.52	(1.52)
Tomkins	Oct	47,070	(43,750)	1.80	(1.61)
Trencherwood	Apr	16,400 L	(2,300)	-	(-)
West Trust	Mar	25	(36)	-	(-)
Wyko Group	Oct	121	(279)	0.5	(1.4)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. ‡‡ = Net Revenue.

RIGHTS ISSUES

West Trust to raise £400,000 via a 2-9 basis at 3p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Laporte is to raise £84.4m via a placing and 1-10 open offer at 560p per share.

RESULTS DUE

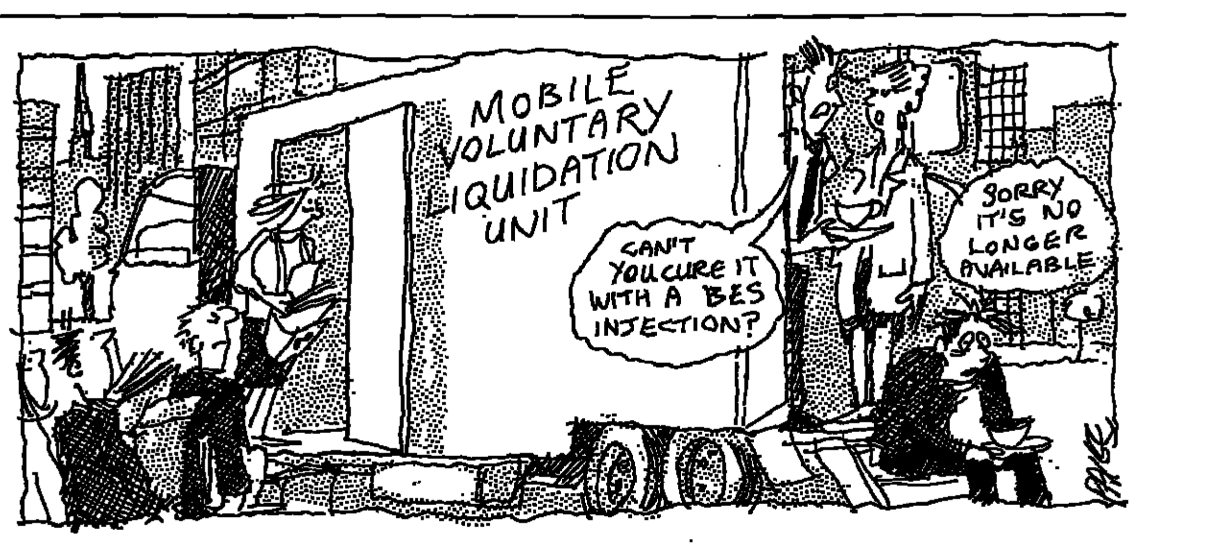
Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Aberdeen Trust	Monday	1.0	1.5	1.0
Central Motor Auctions	Tuesday	1.0	3.0	1.0
Daejan Holdings	Tuesday	12.0	13.0	-
Devonport Vernon	Tuesday	1.5	2.5	1.5
Eurocamp	Tuesday	-	5.5	3.45
Eurotherm	Tuesday	2.5	4.7	3.0
First Philippine Inv.Trust	Monday	-	0.95	-
Hawtin	Tuesday	-	0.86	-
Hill & Smith Holdings	Thursday	2.1	3.9	2.1
Jupiter European Inv.	Monday		0.1	0.5
Lee (Arthur & Sons)	Tuesday	1.65	4.25	1.65
London & Clydeside	Wednesday	1.8	5.2	1.8
London Scottish Bank	Thursday	0.87	1.87	0.95
Malvern UK Index Trust	Friday	1.25	2.0	1.75
Kunick	Wednesday	0.8	0.6	-
RCO Holdings	Wednesday	4.2	8.4	4.62
Selective Asset Trust	Friday	-	0.82	-
Soundtrace	Tuesday	0.85	1.35	0.85
St. Andrews Trust	Friday	4.65	2.7	-
St. Davids Inv. Trust	Tuesday	-	-	-
Yorkshire - Tyne Tees TV	Tuesday	3.3	8.7	3.3
INTERIM DIVIDENDS				
Abtrust Scotland Inv. Company	Monday	-	0.6	-
Aerospace Engineering	Monday	0.5	0.5	-
AIM Group	Tuesday	1.5	5.0	-
Beales Hunter	Wednesday	2.3	8.95	-
British Thornton Holdings	Monday	-	-	-
Clark (Matthew)	Wednesday	6.5	9.25	-
Clayhithe	Tuesday	0.75	1.75	-
Colorvision	Wednesday	3.1	2.5	-
Consolidated Gold Fields	Tuesday	-	-	-
Dudley Jenkin Group	Wednesday			-
French Propert Trust	Monday	-	-	-
Gartmore American Securities	Tuesday	1.0	1.0	-
Jurys Hotel Group	Wednesday	-	-	-
Olim Convertible Trust	Wednesday	4.0	4.5	-
Park Food	Friday	2.2	5.0	-
Peel Holdings	Monday	1.0	2.0	-
Photo-Me International	Monday	1.3	3.1	-
Ransom (William & Sons)	Wednesday	0.52	1.24	-
Real Time Control	Monday	-	3.0	-
Resort Hotels	Wednesday	1.2	2.25	-
Richmond Oil & Gas	Thursday	-	-	-
Rubicon Group	Thursday	-	-	-
SelecTV	Tuesday	-	-	-
Shield Group	Friday	-	-	-
Star Computer Group	Thursday	-	-	-
Stavert Zigomala	Thursday	-	16.75	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.
Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

هكذا من الأصل

Diary of a Private Investor/**Kevin Goldstein-Jackson**

When to say 'yes' to BES



EVEN THOUGH the Goat Advisory Bureau wished the venture "every success", Angora International – a Business Expansion Scheme – became a butt for jokes as it was not a success. Fortunately, I did not have an investment in it.

Over the years I have resisted the tax temptations of a wide variety of business expansion schemes, including one, Unicorn Heritage, which offered the opportunity of "the chilling sensation of walking down the corridor with Mary Queen of Scots on the way to her execution." Instead, Unicorn got the chop as its business failed.

I did, however, invest in a small number of BES companies and although, taking tax considerations into account, I have made a profit, I will not be mourning the ending of such schemes.

In his budget last year, the Chancellor, Norman Lamont, announced that BES will "come to an end" on December 31, 1993. According to the chancellor's statement, when BES was first introduced "the venture capital industry was in its infancy and there was concern that the investment needs of small firms were not well understood and provided for."

However, he said Britain "now has a venture capital industry the equal of that anywhere in the world outside the US. But the provisions of the Business Expansion Scheme have become ever-more complex. And nowadays only a small part of the total invested goes to small businesses."

'I have resisted the tax temptations of a number of business expansion schemes'

This latter comment has, to me, been the saddest feature of the schemes. Vast sums were poured into property-backed ventures rather than into new and innovative small companies involved in manufacturing. Even with tax relief of 75 per cent (when high-rate taxpayers like me started investing in such schemes in 1983/84) there seemed to be too few attractive manufacturing companies available in which to invest.

Nearly all of my BES investments have reached the end of the qualifying period for tax-free capital gains and their sponsors have provided various "exit routes" for investors.

For example, I invested in the 1983/84 Britannia BES Fund which backed a range of companies, including three which went into receivership. But some of its investments performed much better, especially the fund's £61,270 investment in Graham Wood, a structural steel fabricator, which produced a return of £602,900.

By the time the Britannia scheme had disposed of all of its investments and wound-up the fund (in 1991) investors who had been in the highest rate tax bracket had received a return of more than 290 per cent.

In 1985, I invested in Hotel Apartments, a BES company sponsored by Johnson Fry. The shares, before tax relief, cost me £1 each. The company sold its hotels and I received a payment of £1.06p a share in September 1991 and a further 2p per share in December last year.

While I am quite pleased to see the end of this investment, I am sorry that my involvement with another BES company, Perry Publications (Holdings) has ended. I invested in Perry in 1987 because I very much enjoyed reading the monthly magazine which it produced: *Business Traveller*. I thought it was the best magazine of its type on the market.

Unfortunately, the world of publishing is tough and so the company felt in need of a partner which could strengthen its financial resources and enable it to expand. Thus, Motor-Press International Verlagsgesellschaft Holding, part of a German publishing group, made an offer to acquire investors' interests in the company. I accepted their offer. For each share in Perry Publications which cost me £1, ignoring tax relief, I received 43p in November last year and will receive a further 42p per share in March this year.

I wish there had been some other way in which Perry Publications (Holdings) could have raised additional funds in order to develop *Business Traveller* so that I could have retained a small financial interest, as I remain convinced of the publication's potential in the UK and US and would have liked to have shared in the future profits – but without being locked in.

But, then, that has always been one of the problems with BES companies: those you wish to escape from you find yourself locked in for longer than anticipated whereas it is impossible to have a long-term relationship with companies where it is desirable.

I hope that, in spite of the demise of the BES, small companies will still seek funds for expansion from private investors and will not rely on institutional investment. Perhaps, in his next budget, the Chancellor could announce the DTI sponsorship of a "sorting house" which would match private investors with small companies seeking to raise funds for expansion – and provide this service at no cost to the companies and investors concerned.

BES set to grow

THE Business Expansion Scheme could be about to expand, even though few schemes are on the market.

Investors should be pleased with this because the delay has been caused by stiff competition between sponsors trying to tie up deals with universities and housing associations. They are now being forced to go through "beauty parades", and as a result sponsors' fees are coming down.

Speculation over another fall in base rates has also held up plans. If rates do fall from seven per cent, many of the institutions underwriting the schemes will want to cut the returns on offer to investors after the five-year tax exemption period for BES investments has closed.

It is not clear how many institutions are going to use the BES to convert housing which they have repossessed into assured tenancies. BES makes it easy for banks to lessen the damage of bad loans on their balance sheets, but as yet no building societies have converted repossessions using the BES. Several are discussing this, and if they do so then the supply of products should be substantially increased.

Non-recourse loans, which allow investors to exit from the investments after six months, have made it much easier to sell the scheme to customers, and so many companies with reputations in other investment markets may now launch into the BES.

The bottom line for investors is that there should be enough money to go around, and it would be unwise to rush for the first scheme which appears, or to be disheartened if attempts to buy into a BES so far this tax year have been unsuccessful.

The one new BES scheme this week is City North 3. It has no "guarantee", but will aim to make as high a return as possible, with no upper limit. The company will invest in rental accommodation.

John Authers

Another side of life

John Authers *looks at the latest with-profits bonuses*

MORE LIFE offices announced their with-profit bonuses this week. The most interesting figures come from two companies which do not do much business through brokers. Their results seem to strengthen claims that earlier pay-outs from other offices have not been supported by investment results, but were aimed at drumming up new business.

Royal National Pension Fund for Nurses, which specialises in products for the health care professions, saw ten-year payouts decline by 3.0 per cent from £7,943 to £7,705 (assuming £30 premiums per month were paid by a policyholder aged 29 at the outset). This is the highest ten-year figure yet announced, overtaking £7291 from Tunbridge Wells Equitable. The lowest pay-out, from Guardian Royal Exchange, is £5,022.

For 25-year policies, pay-outs have increased by 4.7 per cent to £63,680, the second highest pay-out yet announced. RNPFN expects to pay £28m in maturities this year, of which more than 90 per cent are for ten-year policies.

Royal London, a "home service" company which does not deal through brokers, also announced a high ten-year payout, which fell from £7,628 to £7,323 using the same assumptions. Its 35-year pay-out remains unchanged at £63,797. This will drop to £62,014 on February 1.

Royal London uses a slightly different bonus system from most of the industry, and these figures are an interim position. A further valuation will be made at the end of March, and new maturities will apply from the beginning of May. Unlike offices such as Norwich Union and Sun Alliance, Royal London does not have to cope with a big bulge of ten-year maturities this year – ten-year payouts account for 23 per cent of ordinary branch business up from 21.5 per cent. For the industrial branch, the figures are 20 per cent, following 15 per cent.

Scottish Mutual, which is owned by Abbey National, kept reversionary bonuses unchanged, but cut interim bonuses which will apply during the next year. This led to a 4.7 per cent cut in ten-year payouts, down to £6,613, but a slight increase in 25-year maturity values from £54,787 on the last relevant date to £55,107.

NPI, a pensions specialist office, announced substantially reduced bonuses. On pensions policies, the cuts concentrated on reversionary or annual bonuses, to reflect its reduced expectations for investment returns. The effect is cuts of around 6 per cent in pay-outs for regular premium pension plans, but this varies according to the term of the policy.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Albert Fisher	FdRe	125,000	71	1
BCE Holdings	H&L	2,798,466	140	1
British Bio Techngy	Hlth	100,000	435	1
Courtaulds	*Chem*	*30,000*	*181*	*1* *
Evans of Leeds	Prop	26,000	35	1
Henderson Admin	OthF	5,000	44	1
Laird Group	*Motr*	*169,832*	*502*	*1* *
Pacific Assets	InTr	50,000	94	1
Pendragon	Motr	370,932	898	4
Radio Clyde	Med	22,500	62	1
Rathbone Brothers	OthF	53,700	137	3
Rolfe & Nolan	BuSe	8,000	19	1
Sidlaw	O&G	78,000	253	2 *
Smith & Nephew	Hlth	15,000	24	1
Sun Alliance	InsC	4,515	16	1
Whitbread	Brew	38,300	188	2 *
PURCHASES				
Aberdeen Petroleum	O&G	500,000	34	1
Amersham Intl	Hlth	6,000	38	2
Grand Central	FdMa	25,000	11	1
Group Devlp Capital	InTr	80,000	23	2
Hall Engineering	EngG	10,000	12	1
Hewetson	BdMa	250,000	64	1
Pacific Assets Tst	InTr	20,000	58	1
Shaw (Arthur)	BdMa	195,000	60	1
Tay Homes	*C&C*	*40,000*	*64*	*1*
Yule Catto	Chem	21,098	50	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 5-9 January 1993.

Source: Directus Ltd, Edinburgh

BRITISH Bio-Technology came to the market in June last year as a highly-rated pharmaceutical research and development company. The company is making losses and those are forecast to rise during this year and next as research costs increase. Dr Keith McCullagh, chief executive, sold 100,000 at 435p leaving himself with 800,000 shares. At the same time Dr John Gordon exercised an option over 100,000 shares and sold 50,000 of them at 435p. That takes his holding to 51,000.

Reports of strong trading in December boosted shares in the motor sectors and Pendragon, the up-market car dealer, is no exception – the shares have outperformed by over 30 per cent during the last month. The four key executives, including the chairman and chief executive, have sold a total of 370,000 shares at 242p. Nigel Rudd, the chairman, sold 25,000 shares at 222p towards the end of December.

George Robb's purchases of shares at Aberdeen Petroleum are worthy of note. He purchased 500,000 shares at prices between 6p and 7p.

Angus MacDonald, Directus Ltd

FINANCE AND THE FAMILY

Investment trusts

The virtue of consistency

Why TR City has proved popular with private investors

Private investors are often being urged to buy shares in investment trusts. But the names of many trusts are obscure, making it hard for the small investor to choose the right stock. In a new series Philip Coggan **looks at TR City of London**

CONSISTENCY is a much-prized virtue in investment trusts and TR City of London has certainly delivered it. The annual dividend has been increased in each of the last 25 years and over ten years, its share price total return has been the fourth best of all investment trusts, with growth of 702.6 per cent.

This success has made the UK income trust very popular with private investors. The number of shareholders has quadrupled from 6,000 to nearly 24,000 over the last five years, and increased by more than 50 per cent in 1991-92 alone. TR estimates that institutional investors now own less than 20 per cent of the trust.

But success can bring problems. The trust's shares are now standing at a 3 per cent premium to net assets, which means that private investors might be attracted to other trusts, such as Foreign & Colonial, which are standing at a discount. And the 25-year record of dividend increases may well be broken this year; the trust is forecasting a maintained payout.

Like many trusts, the name of TR City of London dates back to the company's 19th century origins.

The City of London Brewery business was founded in 1860, and carried on brewing until 1932. Although the company became an investment trust at that date, City of London still owned pubs until 1970.

Then Touche Remnant took over the management and the company's name was changed to TR City of London in 1982.

The city tag does not mean that the group's investments are concentrated on the square mile. The investment objectives are threefold: to have a higher yield than the FT-A All-Share Index, to get long term growth of capital and income in excess of the All-Share, and to invest predominantly in the shares of large companies.

A list of the 10 biggest stocks in TR City's portfolio would contain names with which the small investor will be familiar: BT, BAT, Shell, BP, British Gas, BTR, Smithkline Beecham, Allied-Lyons, ICI and Grand Met.

The breakdown by sectors, as of June 30, was capital goods (16.4 per cent), consumer groups (33 per cent), oil & gas (9.4 per cent), financial groups (14.2 per cent) and others (27 per cent).

Around 75 per cent of the assets are in FT-SE 100 constituents; a further 23 per cent is in the recently-formed FT-SE Mid-Cap index; and only 2 per cent in smaller companies.

Although the trust has a portfolio yield around 20-25 per cent above the All-Share (which means it is currently about 5.4 per cent), it does not concentrate exclusively on the "high yield" area of the market. Income is boosted by a 5.5 per cent holding in convertibles and 1.5 per cent in fixed interest securities.

The current dividend yield of 5 per cent is one of the main reasons why many investors pick the trust for their personal equity plans, since it offers some real tax benefits even after allowing for the charges.

The trust's long term performance also helps, although this has been boosted by the narrowing of the discount.

Over five years, growth has been 138.97 per cent, according to Micropal (mid-market to mid-market with income reinvested), placing TR City top of the UK income growth sector.

In the short term, relative performance has dropped a bit with the trust, seventh out of ten in the sector over the year to January 1993.

Could there be any reason for this? A change of manager is always a potential source of concern for investors and this might especially be the case with TR City, since Michael Moule (one of the doyens of the sector) stopped managing the trust in July 1991.

The new manager Job Curtis, aged 31, was educated at Eton and Christ Church, Oxford (where he studied PPE) before joining the broker Grieveson Grant as a graduate trainee in 1983. A short spell at Cornhill Insurance followed, before he joined TR in 1987. He took over the management of the trust in July 1991, having been deputy for the previous three years.

However, Moule is still part of the investment trust management team at TR. And Lewis Aaron, senior investment trust analyst at S G Warburg Securities, is not concerned at the change.

"At most of the big houses, it is not just the individual fund manager's view, it's the house view on stocks" he says.

"Job Curtis has been involved with the trust before and I see no reason at all for the performance to deteriorate" adds Aaron.

Curtis says the trust's investment approach has three strands. The first is to be risk-averse and wary of companies with poor corporate governance. "The directors do have a small "black list" on which companies such as Maxwell appeared" says Curtis.

The second strand is value investing – the aim of buying shares for less than their intrinsic worth. Curtis looks for companies with undervalued assets such as land, mineral rights or brand names.

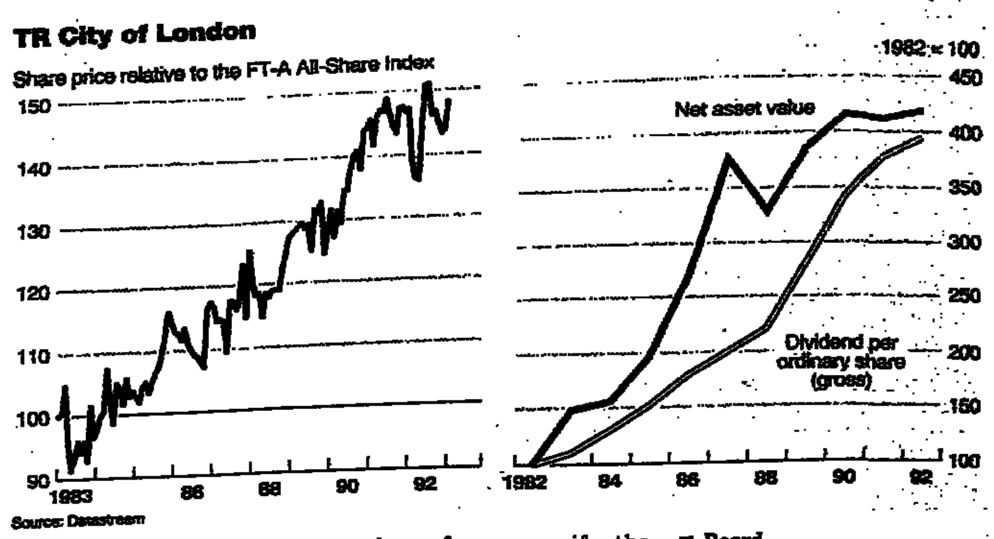
He also wants companies with high free cash flow, high return on assets and high research & development spending.

"Value eventually gets recognised" says Curtis "either by investors generally, by the management in running the company better or by a takeover". TR City claims a high "strike rate" in selecting takeover targets recently.

The third strand of the approach is income investing, given the need to maintain the higher than average yield.

With 125 shares in the portfolio, the trust certainly has a broad spread of investments, although its larger company emphasis means one might expect some underperformance if the long-awaited "smaller companies revival" actually occurs.

But Lewis Aaron of SG Warburg says "It's a good long term investment, not one for short term capital gains, but a good steady core holding. If, as a private investor, you wanted a UK trust, you would probably pick this one."



Source: Datastream

■ **Key facts**

The trust has gross assets of £260m and a market capitalisation of £243m, as of January 13. The dividend yield is 5 per cent. TR's annual management charge is 0.39 per cent, based on a 3 year rolling average of assets. There is a modest amount of gearing, with £16m of debenture stock. Net asset value per share on January 13 was 123p, when the share price was 127p.

■ **Board**

All board members are independent. The chairman is Jim Titcomb, a director of English China Clays, and the other members are Sir Robin Dent, chairman of the Public Works Loan Board, George Duncan, chairman of ASW Holdings and David Hubbard, chairman of Powell Duffryn.

■ **Savings scheme and PEP details**

The minimum monthly investment into the savings scheme is £25, or £250 for lump sums. There is a 1 per cent transaction charge.

For the personal equity plan, the minimum monthly investment is £50 and the lump sum £1,000. There is a transaction charge of 1 per cent and an additional annual management charge of 1 per cent.

'Guaranteed' products

GUARANTEED products offer investors variations on the slogan "stock market growth or your money back". A new round has been launched this month.

National & Provincial Building Society is offering a Guaranteed Equity Reserve account, which promises the rise in the FT-SE 100 Index in the form of "interest" which can be received at the end of a five year period.

There is a slight twist on the normal formula, in that the final Footsie figure will be based on the average level of the index over the final six months of the product's life (September 1, 1997 to February 28, 1998). As a minimum, investors will receive their money back on maturity in March 1998.

Like most other products in this area, this account does not pay any income, nor does it reflect the income on the Footsie (which at 4-5 per cent a year is a significant component of equity returns).

Basic rate tax is deducted at source and the result is that such taxpayers will receive 100 per cent of the rise in the Footsie over the period (starting March 1).

However, a bonus for those who invest before January 20, pushes the rate up to 103.7 per cent; those who invest between January 21 and February 15 will get 101.5 per cent.

Higher rate taxpayers would face a further bill, bringing the return down to around 80 per cent of the Footsie's rise (or 83 per cent with the full bonus).

Unless they use up their £5,800 CGT allowance, higher rate payers would almost certainly do better to invest in a indexed fund, where the return would mostly come in the form of capital gain.

However, unlike some insurance-based guaranteed products, N&P says that non-taxpayers can reclaim the tax on this account.

This would convert the return into 133.33 per cent of the Footsie's rise (or 138.33 per cent with the full bonus).

If you want to withdraw your money, you cannot do so during the first year. After that, there is a "penalty" of 5 per cent and no interest will be credited. The minimum investment is £1,000 and the maximum £250,000.

Hargreaves Lansdown, the financial adviser group, is offering a product which combines a fixed interest bond with the capital shares of split capital investment trusts. The fixed interest portion (in a guaranteed growth bond from Consolidated Life) will grow so that the total capital will rise by at least 20 per cent over five years (net of basic rate tax).

The capital shares then give the investor a "geared" interest in the stock market. If the trust's assets rise by 7 per cent per annum, then the total return would rise to 40 per cent. Returns rise substantially as the investment assumptions get more optimistic.

There is an element of flexibility in the product since the investors can take profits on the capital shares if they rise substantially over the five year period. The minimum investment is £10,000.

Meanwhile, Sun Alliance is launching a third issue of its Capital Protector Bond. This offers a four year guarantee, but only 90 per cent of the fund is linked to stock market growth.

Charges are 4.5 per cent initial and 1.25 per cent annual; there are surrender penalties during the first four years. The minimum investment is £5,000.

Philip Coggan

These funds have their uses but . . .

***John Authers** considers the complexities of convertibles*

THIS could be the year for convertibles. Fixed interest investments are in vogue, and offer some security, while many believe that the equity market should have a strong year. Convertibles, securities offered by companies which can at a later date be converted into ordinary or preference shares, might seem to be the ideal, if rather complex, investment instrument for today.

But no fund management houses have promoted convertibles funds, in spite of the attention given to gilts and international bonds. Performance tables show that the convertibles investment story is not as seductive as it seems.

Over ten years, the tables show that the average convertibles unit trust has grown by 115.76 per cent in the 10 years to January 1, according to Micropal (offer-to-bid, income reinvested). This is not far our of line with gilts and fixed interest, which averaged 120.57 per cent growth over the same period.

But over periods starting since the stock market crash of October 1987, underperformance by convertibles has been marked. Over the last five years, gilts and fixed interest averaged 38.76 per cent, while convertibles registered 12.73 per cent. Over three years, the figures are 26 per cent versus 0.52 per cent.

How can convertibles have underperformed so badly? The answer lies in the crash of October 1987. As John Plumpton, fund manager of the Prolific Convertible & Gilt unit trust says: "In 1988, companies wanted to issue new equity but they couldn't because prices were so depressed and investors wanted income. So there was a massive issuance of convertibles. They were mainly used to finance acquisitions right at the top of the Lawson boom and they were mostly the 1980s go-go stocks which have since gone off the rails."

Charles Park, fund manager with Framlington, says most of the big convertible issues in the late 1980s involved optimistic predators swallowing prey at the top of the market. Rather than issue conventional debt, they paid for their purchases in convertibles. This gave the predators immediate cost savings since yields on convertibles are lower than on normal loans.

With hindsight, not all the acquisitions look well-founded. Park mentions convertibles issued by British Aerospace to fund its purchase of Arlington Securities, British & Commonwealth to buy Atlantic Computers, Blue Circle in buying Birmid Qualcast, and Ratners in buying H.Samuel. Other companies using convertibles to fund acquisitions included Evode and Amec.

The share price of many of these acquirers did not perform to expectations. This automatically dampened convertible performance. In some cases, such as B&C, the companies crashed altogether.

By 1990, the convertibles market was afflicted by both over-supply, and a disproportionate number of weak stocks. When the equity market recovered, therefore, convertibles failed to follow.

The other important factor pushing the convertible market is the "premium" which must be paid to convert into a normal share. Convertibles yield more than shares, so they will normally cost more. If their price rises, it is harder to gain an easy extra income by switching from ordinary and preference shares into convertibles.

This technical factor lies behind the other problem afflicting the market. According to Park: "People running high income funds found a year ago that they were in stocks which might cut their dividends, and that they could push up their yield by switching into convertible preference shares. In some companies that could be done almost on a like for like basis."

The problem is that share prices in these companies have fallen while the convertibles have held firm. That means that fund managers now need to pay a premium to gain the extra yield from convertibles. As Park puts it: "To that extent I would say convertibles are not as attractive now as they were a year ago."

Not all fund managers agree with this. According to Val Rodway, of Allied Dunbar, there are several attractively priced convertibles on the market. The supply problem is that there are often no convertibles available in sectors which the equities research team recommends, she says. However, a pickup in market activity this year should lead to a recovery in new issues, she suggests.

A final argument advanced for convertibles is their yield. Half the convertibles unit trusts are currently yielding in excess of 7.5 per cent, which is healthy. That yield could be an adequate cushion for investors nervous about prospects for a genuine recovery.

So is it worth investing in convertibles? The last five years show that they are not the no-lose bets which they might appear. But the sharpest effects of the late 1980s appear to have passed. The sector averaged an adequate total return after charges of 11.55 per cent in 1992.

They should not be overlooked, particularly by those busy transferring money out of uncompetitive building society accounts. Some of this money could go into convertibles – but not all. It is hard to justify more than a small weighting for these instruments.

Best performing convertibles funds over three years

	% growth
Allied Dun Conv & Gilt	21.73
Edinburgh Convertible	10.34
Baring Convertibles	8.36
CU Fixed & Convertible	2.93
Average	0.52

Best performing convertibles funds over 10 years

	% growth
Framlington Convertible	177.18
Prolific Conv & Gilt	126.59
Allied Dun Conv & Gilt	109.81
CU Fixed & Convertible	49.44
Average	115.76

Split trust launch

A NEW split capital trust is being launched to tap the revived enthusiasm of private investors for the investment trust sector.

Schroder Split Fund will offer a mix of zero coupon shares, income shares and capital shares. The zeros, as their name suggests, will pay no income but aim to give the investor steady capital growth.

The zeros' launch price is 100p and the planned repayment value will be 203p in 2002, a gross redemption yield of 8.25 per cent a year. Profits will be taxed as capital gains, and will be effectively tax-free, since few investors use up their annual £5,800 CGT allowance.

The zeros are 125 per cent covered at launch – in other words, the trust has more than enough assets at launch to repay the 2002 redemption value of the zeros in full.

The income shares will have a gross initial yield of 9 per cent, at the issue price of 100p. There is a significant risk of loss of capital; the trust's assets will have to grow at 4.2 per cent per annum for the shares to be repaid in full.

However, the income shares can participate in the trust's growth. If the assets and income of Schroder Split rise by 7.5 per cent per annum, then the gross redemption yield will be 13 per cent.

Schroder is also offering a new High Income personal equity plan, based on the income shares. There will be no initial charge on the Pep between February 10 and March 4; the annual charge will be 1 per cent plus VAT. Income will be paid quarterly.

The capital shares will be entitled to the remaining assets after the income and zero shareholders have been repaid. Shareholders will only be repaid their original investment of 25p if the assets grow by 4.7 per cent per annum between launch and 2002.

The "gearing" effect means capital shareholders will do well out of a bull market. If the trust's assets and income grow at 7.5 per cent per annum, the capital shareholders will receive a gross redemption yield of 21.5 per cent pa.

One problem with some split capital trusts is that, to meet the income requirements, the manager has to invest in high-yielding stocks or convertibles, at the expense of capital growth. The portfolio yield on Schroder Split will be 5.5 per cent which the manager argues is lower than on many other split trusts.

The launch expenses of the trust will be capped at 4 per cent and total annual expenses will be 0.7 per cent.

Philip Coggan

Money-back tax offer

MILLIONS on low incomes should pay heed to an Inland Revenue advertising campaign launched this week: it could give them up to £860 a year in refunds on taxes.

The Revenue is spending £2m on a campaign, aimed particularly at pensioners and married women who do not work, who may be entitled to back taxes.

Newspaper and television advertisements will form the backbone of efforts to catch the eye of the two-thirds of people who are eligible to claim but have not done so. About 8m will also receive a leaflet with their annual notice of coding.

Those affected include 2.5m married women who can claim back the tax credit on share dividends, and up to 15m people on low incomes who can register to receive bank and building society interest gross.

During the 1991-92 tax year, the Revenue estimated that only £150m of the £550m which could have been reclaimed was paid out, because only about 5m people contacted them for refunds.

The disappointing response came in spite of intensive advertising in the last two years. It contributed to the Revenue's decision in late 1992 to close a number of repayment offices and to reduce staff working in these divisions by up to 1,000.

The Revenue estimates that those who have not claimed under either scheme include 4m pensioners, 3m married women and 3m other adults and children.

Substantial ignorance of who is eligible remains. A large number who claimed were not on sufficiently low incomes to qualify, while many who were did not bother.

A free telephone number (0800-660800) open from 10am-5pm on Monday to Friday has already begun operating and will run at least until the end of March.

Independent taxation of married men and women was introduced in April 1990 and allowed women to claim back share dividend tax.

Gross payments of bank and building society interest were introduced in April 1991.

Two leaflets are available free from the Revenue:

■ Leaflet IR 110. A guide for people with savings.

■ Leaflet IR 127. Are you paying too much tax on your savings?

Andrew Jack

هكذا من الأصل

Money for rope for man who makes ends meet

***Keith Wheatley** on Des Pawson who has turned his passion for knots into a business*

HOW MANY suppliers can create business simply through the aroma of their catalogue? Des Pawson can. One valued regular customer sits in his office high above Wall Street with the Footrope Knots brochure handy enough to sniff.

Instead of staples, the 16-page publication is stitched with tarred marlin. This heavy twine used in traditional ropework is treated with Stockholm tar and has a smell evocative enough to bring the square-riggers back to life. Pawson believes he is the only business in the world tying knots, teaching knots, writing about knots and selling other enthusiasts the means to pursue their hobby.

From his office/warehouse/home in Ipswich emerges a steady stream of turksheads, monkey fists, rope mats and all sorts of intricate ropework and netting. Equipment ranging from marlin spikes to *The History of Knot Theory* (translated from the Danish) leaves by every post.

Pawson, a bearded cheery man with a matelot's patter, has also been used as an expert consultant by Surrey police pursuing a murder inquiry. Knots used to tie the victim yielded valuable clues to detectives.

"I've loved knots and been fascinated by them since I was a little boy," explained Pawson, 46. "But the difference between me and amateur tiers is that I've always had a financial interest.

"When I was 11 I used to buy cord and turn them into fancy woggles for other Scouts and sell them at a profit. I've always believed my skill had a value."

Rather than running away to sea, after leaving school he spent five years working in Harrods furniture department. Pawson says it taught him all his basic skills of stock management, salesmanship and cash flow. He later put this background to use in running a £1m a year business for an East Anglian office supplies company.

All the while he was developing his hobby towards being a fully-fledged business which could support him and his wife Liz - two grown-up sons are at college. The first significant order was in 1968 for three dozen braided bell ropes for Captain O M Watts, the Mayfair chandler.

Like many crafts-people faced with volume orders, he began using outworkers for routine tasks. "I realised that with the ultimate niche market, I was going to have to do more than tie knots myself all day – even if I had wanted to," Pawson said.

Ten years ago he was one of the founding members of the International Guild of Knot Tyers. From an initial 20 or so members it has grown to over 600, with subscribers in every large country. Faced with an audience of this size Pawson resolved to become the leading supplier of scarce materials for the enthusiast.

The large shed at the foot of his garden is a paradise for anyone who has ever loved the feel and smell of traditional rope. Coils of manilla, hemp and sisal fill the floor. Racks of shackles, fids and spikes line the benches. Pawson often has to track down materials from such arcane sources as French Navy surplus auctions.

"The problem is that I sometimes have to buy enough to last five years. The opportunity is that I'm the only person around who has got some of this stuff," he said, while illustrating the arcane merits of differently balanced marlin spikes.

Fellow knotters are encouraged to visit. Often they are "dropping by" en route to some serious business meeting but the lure of Pawson's wondrous shed proves too much for them.

His has two business tenets. He never borrows money and, from the earliest hobby days, he has made tax returns. Pawson says the first rule kept his feet on the ground and prevented things growing beyond their economic base, the second reminded him that it really was a business, however small. In the early days there was no tax to pay.

Nowadays, he says, Footrope Knots is turning over slightly more than £25,000 a year, with very low overheads. For the first time, Pawson will be running a knotting summer school at Suffolk College. He also writes Rope Yarns, a regular feature in *The Boatman* magazine.

Strong interest in the restoration of classic yachts has helped business. He is often called upon to recreate fenders and the like from sources such as Edwardian photographs. He feels the call of the sea himself and enjoys sailing a modest traditional Dutch scow.

Pawson has a stand at the London Boat Show which closes tomorrow and has been demonstrating his skills. "It's more of a promotional exercise than a retail one for me," he said. "But a lot of the people I meet and give cards to will become customers during the year.

"However, the knotting business is far bigger than just boats. It appeals to all kinds of people who never go near the sea. It's to do with tradition and texture."

■ *The Boat Show at Earls Court, London, is open today and tomorrow, 10 am-7pm. The Footrope Knots catalogue is available for 68p from 501 Wherstead Rd, Ipswich, Suffolk, IP2 8LL. Tel: 0473 690090.*

Trevor Humphries

Knotty problems: Des Pawson demonstrates his craft at his stand at the Boat Show

As They Say In Europe/**James Morgan**

The sex therapist and the shopping trolley

WITH QUESTIONS of scandal and privacy echoing around the papers it is worth noting how relative these things are: one nation's political scandal is another nation's bore. In recent weeks Britain, France, and Germany have had to face frightful revelations about their politicians. Italy does not count since politicians there are expected to be frightful, and Italian newspapers could not cope with the various Lamont "scandals."

The fact that the British Chancellor of the Exchequer had inadvertently rented his house to a "sex therapist" was amusing enough, but the row over his acceptance of a Treasury offer of a mere £4,000, which did not go into his pocket anyway, was incomprehensible. The subsequent farcical developments, involving the publication of his credit card account and untrue stories relating to purchases of cheap champagne and cigarettes ensured that all foreign interest evaporated.

And so to the tedium of the influence-peddling scandals in Germany. The latest concerns the housing minister, Irmgard Schwaetzer, and a property company, Germania. In a contribution to its house magazine the minister seemed to be promoting the firm's interests. Earlier, the economics minister, Jürgen Möllemann, had to resign because he had tried to help out his wife's cousin over the matter of a patent on a supermarket trolley. Because of their sublime banality, these typically German affairs attracted little comment outside the country.

The only real horror story in this litany was the French blood contamination affair. This involved hundreds of haemophiliacs who were infected with the AIDS virus through state-run blood transfusions. French scandals have considerable bearing on the current debate in Britain on the role of the press. It is proposed, among other things, that there should be legal limits on invasions of privacy.

The editor of the *Sunday Times*, Andrew Neill, said this would make Britain like France, where, he elegantly argued, "privacy laws have intimidated newspapers from doing investigative journalism and made them poodles of the political establishment."

Maybe in the blood scandal the press could have acted sooner – but once the story was rolling the media made a substantial contribution. The papers also did some fine work on the blowing up of the Rainbow Warrior by French security agents in New Zealand; the Pechiney share dealing racket would not have emerged but for the work of the French press and *Le Monde* took on the Socialist Party by helping to expose corruption there. French poodles even bite their friends.

Their record compares favourably with the British bulldogs. It was not heroic newspaper reporters who first shed light on the Guinness, BCCI, Maxwell and Matrix-Churchill affairs. In France a restrictive law on privacy, which allows "public interest" as a defence, combines with a system that makes libel cheap. This combination can help the press, if it is interested in important matters rather than trivia – partly because it discourages libel actions which perforce involve the plaintiff sacrificing the otherwise guaranteed right of privacy.

Under the French system, means newspapers are fined if they reveal details of the colours of the football team in which the minister of culture is alleged to make love to his mistress. And they cannot publish pictures of even English duchesses disporting themselves with their financial advisers in a manner that falls short of the chaste standards that characterise the English aristocracy. What they can do is to say that Monsieur Farfelu is a crook and have a fair chance of getting away with it. In Britain the situation is exactly the reverse thanks to the extraordinary strictness of the libel laws which shield the guilty as well as the innocent and various bits of secrecy legislation.

That has helped to ensure that the British debate on press freedom has concentrated on the Royal Family for that is the story that is at risk. In the great British theme park, the dream of happy royal marriages was fabricated by the media and the royal press office. So when, as is now the case, they turn out to be in the traditional mould there is a colossal row which can, some say, lead to the destruction of the House of Windsor.

Had the press not connived at the new-fangled "family values" vision of royalty there would not be the trouble we are facing today. The real English tradition is that the monarch and his or her spouse regard each other with indifference or loathing. Queen Victoria notoriously broke with that tradition in her relations with Prince Albert. She was not popular until much later, after Prince Albert had died, which left the Queen 40 clear years to achieve a sacred reputation unencumbered by fantasies of domestic bliss. However, that does not now seem a likely prospect for the Prince of Wales.

Tell the taxman

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

ON September 30 last year, I retired at the age of 63½. At that time my tax affairs were completely in accordance with the PAYE tax tables.

The trustees of my employer's pension scheme purchased an annuity for me equal to the benefit to which I am entitled by that scheme and my P45 form forwarded by my ex-employers to the insurance company involved.

Instead of using this information the insurance company (on the instructions of the Inland Revenue, they claim) has been taxing me on an *interim code (OT)* which apparently authorises the removal on 25 per cent of the gross pension due, irrespective of my circumstances. This pension is my sole source of taxed income until I reach 65. As a result, although we are only nine months into the tax year, I have not only paid my complete tax liability for 1992/93, I have also had £274 deducted above my obligations (a credit towards my 1993/94 tax)

Have the Revenue the power to so over-tax me, and have I any claim for interest on the over-paid sum and the costs of postage, telephone, photocopying etc that I have incurred in getting the situation corrected?

■ First the bad news: On the bare fact outlined, you do not appear to be eligible for any recompense from either the Revenue or the insurance company. Your complaint appears to lie against your employers: if they had explained what you should tell the insurance company's tax office in order to get the appropriate code applied to the pension, you would probably be paying the right amount of tax. For your employers simply to send your P45 to the insurance company was not very helpful – but there is, of course, no legal obligation upon employers to offer any guidance on tax matters to their retiring employees (and the cost of providing any such guidance could be taxable as a benefit). It is up to you to tell the tax office your date of birth. The fact that you have not given us enough information for us to calculate what your current code number should be, suggests that you may not have given enough information to the tax office either. So, probably, the tax office is not be blame, but neither are you, because you did not know what you should have told them. Write to the insurance company's tax office, giving formal notice of objection to code OT under regulation 10(1) of the Income Tax (Employments) Regulations 1973, as amended; if possible, say what you think the code number ought to be. Tell them your date of birth, the total pay and tax shown on your P45 (if known), and the amount of untaxed income which you expect to receive in 1992-93. (You told us that the pension is your "sole source of taxed income" at present, but you said nothing about your untaxed income).

If you do not receive a satisfactory response within a couple of weeks, write to the District Inspector saying that, in default of agreement to your objection, you now give formal notice of appeal against the determination of code OT and that you require the appeal to be heard by the General Commissioners in February without fail, in order that the correct (retrospective) coding be applied to the final instalment of your pension for the current tax year. We take it that you would have no difficulty in attending a meeting of the General Commissioners at short notice, in order to present your argument for an appropriate code number.

Losses on warrants

I HAVE held 6,000 Eurotunnel warrants since 1988. I did not exercise the warrants because the cost of doing so was greater than the value of the Eurotunnel shares they would have yielded. Last November the warrants lapsed. Can I set the loss of the adjusted cost of the warrants against investment gains for Capital Gains Tax purposes?

■ Yes, by virtue of section 144(4 & 8) of the Taxation of Chargeable Gains Act 1992:

"(4) The abandonment of... a traded option... shall constitute the disposal of an asset (namely of the option)...

"(8) In subsection 4 above... "traded option" means an option which, at the time of the abandonment.. is quoted on a recognised stock exchange..."

If your tax inspector should try to restrict your allowable loss by invoking the notorious wasting-asset rules (which apply to some types of option), refer him or her to section 146 of the Act. This says the wasting-asset rules "shall not apply ...to a traded option...", as defined in section 144(8).

Nuances of CGT on trusts

YOU recently explained the CGT treatment of unit and investment trust savings schemes. Is not the situation even more complicated?

According to the leaflet sent with my unit trust annual report, for CGT purposes the total amount of income reinvested, as shown on the tax credit vouchers, should be added to the original cost. For indexation, when is the dividend received?

Presumably it is added to the value of the units as it is received from the constituent companies, and the voucher is only a summary of the amounts received in the year.

■ Yes, the calculations for accumulation units are generally more complicated than those for monthly savings schemes, or automatic reinvestment schemes.

For accumulation units purchased after the end of March 1985, the net retained income shown on the first voucher ranks for indexation from the day on which the units were purchased; subsequent net retentions rank for indexation from either the latest date provided by the trust deed (for any distribution in respect of the distribution period in question), or, if no date is so provided, the last day of the distribution period. This complex rule is derived from sections 99 and 113 of the Taxation of Chargeable Gains Act 1992, in conjunction with section 468 of the Income and Corporation Taxes Act 1988.

The rules are slightly different for units purchased between the end of 1981-82 and the beginning of April 1985; they are significantly different for units purchased before April 6 1982. The position would also be slightly different if more than one retention date fell within the first year after the purchase, or if none did.

FOOD AND DRINK

Lunch for a fiver — ready for take-off

***Nicholas Lander** with the latest updates on the Weekend FT's eating out scheme*

AN INKLING that "Lunch for a Fiver" was going to be a success occurred when my phone rang at 9.30am on Monday. It was the man who handles public relations for one of the best-known Park Lane hotels. "Was it too late," he wondered, "for the hotel to be included in the scheme?"

This year we had to disappoint, but such has been the response and interest that any future schemes which we plan will try to satisfy more restaurateurs and hoteliers and even more customers.

This week's list of restaurants includes several small amendments to that which appeared last Saturday. Firstly, the *FT's* computer list omitted one restaurant entirely. 192 of 192 Kensington Park Road, London W11 2JF (071-229-0482), which is not open for lunch on Mondays. The omission was particularly ironic since a letter from 192's managing director, Tony Mackintosh, had been one of the first, enthusiastic responses.

It read: "Of course we are in for your scheme. Great idea. Hope it is a huge success."

Then the owners of Daphne's in Draycott Avenue, London SW3, phoned to say that builders who were working there would still be on the premises on January 18 and that, therefore, it would have to withdraw. So if you live in that area try instead Walton's or Turner's, both just around the corner in Walton Street.

To keep the same number of participating restaurants, I am pleased to add Le Cafe des Amis du Vin, 11-14 Hanover Place, Covent Garden, London WC2, (tel 071-379-3444). One change of nationality over the New Year: the Machino Japanese Restaurant has become the Young Bin Kwan Korean restaurant.

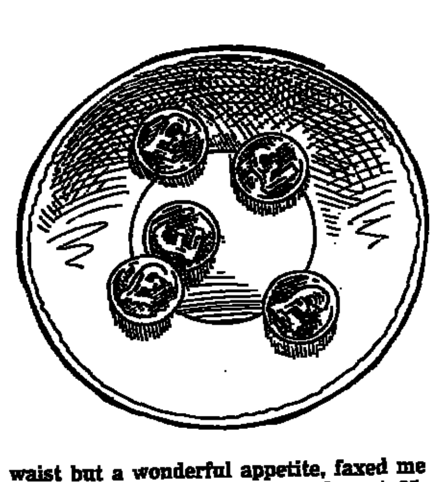
One Chelsea restaurateur, Tom Benham of Monkeys, SW3, reported that although bookings were excellent, some of his callers were asking whether bread rolls were included in the £5 and what was the price of his mineral water.

Fortunately, this seems to be an isolated case of mean-mindedness. Overall, readers have responded with warm enthusiasm to the restaurant trade's answer to the January sales.

Brian Clivaz, general manager of Simpson's in-the-Strand, reported that within three days he had received 365 bookings and that some of those booking "Lunch for a Fiver" had at the same time booked tables for when the scheme was not running simply because they were on the phone.

One restaurant in the City started its £5 lunch four days early to meet demand while Adlard's, in Norwich, Norfolk, was booked out for the entire two weeks by Thursday last week. Carlton Television, London's new regional station, is planning to feature the scheme and interview several participating restaurants during the coming week.

And so far there has been only one disappointed customer. A friend, an excellent cook and a woman with a slim



waist but a wonderful appetite, faxed me to say that with business lunches at £5, she felt she could justify the cost of the flight from Boston, in the US, to London. Sadly, she could not persuade the company president to let her come.

WHERE TO GET LUNCH FOR A FIVER

From Monday January 18 until Friday January 29

Adlards, 79 Upper St Giles Street, Norwich	Tel: 0603 633522
Al San Vincenzo, 30 Connaught Street, London W2 2AF	Tel: 071 262 9623
Alastair Little Bar, 49 Frith Street, London W1V 5TE	Tel: 071 734 5183
Anchor, 34 Park Street, London SE1	Tel: 071 407 1577
Angel, 101 Bermondsey Wall East, Rotherhithe, London SE16	Tel: 071 237 3608
Argyll, 316 Kings Road, London SW3 5UH	Tel: 071 352 0025
Armadillo, 20-22 Mathew Street, Liverpool	Tel: 051 236 4123
Au Jardin des Gourmets, 5 Greek Street, London W1	Tel: 071 734 2745
Bahn Thai, 21a Frith Street, London W1	Tel: 071 437 8504
Balzac, 4 Wood Lane, London W12	Tel: 081 743 6787
Beauchamps, 23/25 Leadenhall Market, London EC3	Tel: 071 621 1331
Belgo, 72 Chalk Farm Road, London NW1	Tel: 071 267 0718
Bistrot Bruno, 63 Frith Street, London W1	Tel: 071 734 4545
Bistrot 190, 189 Queen's Gate, London SW7 5EU	Tel: 071 581 5666
Boyd's, 135 Kensington Church Street, London W8 7LP	Tel: 071 727 5452
Brackenbury, 129-131 Brackenbury Road, London W6-0BQ	Tel: 081 748 0107
Brasserie du Marché, 349 Portobello Road, London W10	Tel: 081 968 5828
Brasserie Forty Four, 44 The Calls, Leeds	Tel: 0532 343232
Café des Arts, 82 Hampstead High Street, London NW3	Tel: 071 435 3608
Café Flo, 149 Kew Road, Richmond, Surrey	Tel: 081 940 8298
Café Flo, 676 Fulham Road, London SW6	Tel: 071 371 9673
Café Flo, 334 Upper Street, Islington, London N1	Tel: 071 226 7916
Café Flo, 127-9 Kensington Church Street, London W8	Tel: 071 727 8142
Café Flo, 205 Haverstock Hill, London NW3 4QG	Tel: 071 435 6744
Café Flo, 51 St. Martins Lane, London WC2	Tel: 071 836 8289
Café Italien, 19 Charlotte Street, London W1	Tel: 071 636 1969
Café Rouge, The Pizzeria, Hays Galleria, Tooley Street, London SE1	Tel: 071 378 0097
Café Rouge, 7a Petersham Road, Richmond, Surrey	Tel: 081 332 2423
Café Rouge, 26 High Street, Wimbledon, London	Tel: 081 944 5131
Café Rouge, 390 Kings Road, London SW3	Tel: 071 352 2226
Café Rouge, 2 Lancer Square, Kensington Church Street, London W8	Tel: 071 938 4200
Café Rouge, Unit 209 Whiteleys Centre, Bayswater Rd, London W2	Tel: 071 221 1509
Café Rouge, 200/204 Putney Bridge Road, London SW15 2NA	Tel: 081 788 4257
Café Rouge, 46/48 James Street, London W1N 5HS	Tel: 071 487 4847
Café Rouge, 855 Fulham Road, London SW3	Tel: 071 371 7600
Café Rouge, 6-7 South Grove, Highgate Village, London N6	Tel: 081 342 9797
Café Rouge, 19 High Street, Hampstead, London NW3	Tel: 071 433 3404
Café Rouge, 31, Kensington Park Road, London W11	Tel: 071 221 4449
Canal Brasserie, 222 Kensal Road, London W10	Tel: 081 960 2732
Chinon, 25 Richmond Way, London W14 0AS	Tel: 071 602 4082
Cibo, 3 Russell Gardens, London W14 8EZ	Tel: 071 371 6271
Dan's, 119 Sydney Street, London SW3	Tel: 071 352 2718
Daphne, 83 Bayham Street, London NW1 0AG	Tel: 071 267 7322
dell'Ugo, (Ground Floor) 56 Frith Street, London W1V 5TA	Tel: 071 734 8300
Dickens Inn, St. Katherine's Way, London E1	Tel: 071 488 9932
Del Buongustaio, 283 Putney Bridge Road, London SW15	Tel: 081 780 9361
Drones, 1 Pont Street, London SW1	Tel: 071 235 9638
Florians, 4 Topsfield Parade, Middle Lane, London N8 8RP	Tel: 081 348 8348
Fredericks, 106 Camden Passage, Islington, London N1	Tel: 071 359 2888
Fresco! Bucklesbury, Queen Victoria Street, London EC4	Tel: 071 248 0095
Gilbert's, 2 Exhibition Road, London SW7	Tel: 071 589 8947
Grahame's Seafare, 38 Poland Street, London W1	Tel: 071 437 0975
Grill St Quentin, 2 Yeomans Row, London SW3	Tel: 071 581 8377
Hilaire, 68 Old Brompton Road, London SW7 3LR	Tel: 071 584 8993
192, 192 Kensington Park Road, London, W11.	Tel: 071 229 0482
I Sardi, 112 Cheyne Walk, London SW10	Tel: 071 352 7534
Issimo! 10 Lime Street, London EC3	Tel: 071 623 3616
King's Head, Ivinghoe, Leighton Buzzard, Bedfordshire	Tel: 0296 668264
L'Accento, 16 Garway Road, London W2 4NH	Tel: 071 243 2201
L'Altro, 210 Kensington Park Road, London W11 1NR	Tel: 071 792 1066
La Belle Epoque, 61-63 Dublin Road, Belfast	Tel: 0232 323244
La Brasserie, 60-61 St Mary Street, Cardiff	Tel: 0222 372164
La Rive Gauche, 61 The Cut, London SE1	Tel: 071 928 8645
La Truffe Noire, 29 Tooley Street, London SE1	Tel: 071 378 0621
Le Café des Amis du Vin, Covent Garden, London WC2	Tel: 071 379 3444
Le Marché Noir, 2-4 Eyre Place, Edinburgh	Tel: 031 558 1608
Le Mesurier, 113 Old Street, London EC1	Tel: 071 251 8117
Le P'tit Normand, 185 Merton Road, London SW18 5EF	Tel: 081 877 0996
Le Poulbot (Café), 45 Cheapside, London EC2	Tel: 071 236 4379
Les Saveurs, 37a Curzon Street, London W1	Tel: 071 491 8919
Lusso! 15 Lowndes Street, London SW1	Tel: 071 235 2525
Markwicks, 43 Corn Street, Bristol	Tel: 0272 262658
Mijanou, 143 Ebury Street, London SW1	Tel: 071 730 4099
Ming, 35-36 Greek Street, London W1	Tel: 071 734 2721
Mon Plaisir du Nord, 359 The Mall, London N1	Tel: 071 359 1932
Monkeys, 1 Cale Street, Chelsea Green, London SW3	Tel: 071 352 4711
Mr Garraways Fish House, 46 Gresham Street, London EC2	Tel: 071 606 8209
Mr Pontac's Candlewick Room, 45 Old Broad Street, London EC2	Tel: 071 628 7929
Newtons, 33 Abbeville Road, London SW4 9LA	Tel: 081 673 0977
Normandie, Elburt Lane, Birtle, Manchester	Tel: 061 764 3869
Odette's, 130 Regents Park Road, London NW1	Tel: 071 586 5486
Oriel, 51 Sloane Square, London SW1 8AX	Tel: 071 730 4275
Osteria Antica Bologna, 23 Northcote Road, SW11 1NG	Tel: 071 978 4771
Palio, 175 Westbourne Grove, London W11	Tel: 071 221 6624
Pierre Victoire, 10 Victoria Street, Edinburgh	Tel: 031 225 1721
Pierre Victoire, 8 Union Street, Edinburgh	Tel: 031 557 8451
Pierre Victoire, 38-40 Grassmarket, Edinburgh	Tel: 031 226 2442
Pierre Victoire, 52 Coburg Street, Edinburgh	Tel: 031 555 6178
Pizzicato, 34 Rupert Street, London W1	Tel: 071 734 0122
Pomegranates, 94 Grosvenor Road, London SW1B 3LF	Tel: 071 828 6560
Restaurant and Arts Bar, 76 Wigmore Street, Jasons Court, London W1	Tel: 071 224 2992
RSJ, 13a Coin Street, London SE1	Tel: 071 928 4554
Roux! Britannia, 14 Finsbury Square, London EC2	Tel: 071 256 6997
Scarto! 10a The Broadway, London SW1	Tel: 071 222 3338
Sheekey's, 28-32 St. Martins Court, London WC2	Tel: 071 240 2565
Simpson's-in-the-Strand, 100 The Strand, London WC2	Tel: 071 836 9112
Sloans, 27-29 Chad Square, Hawthorne Road, Edgbaston, Birminham	Tel: 021 455 6697
Smiths Restaurant, 25 Neal Street, London WC2	Tel: 0 71 379 0310
Smollensky's Balloon, 1 Dover Street, London W1	Tel: 071 491 1199
Smollensky's on the Strand, 105 The Strand, London WC2	Tel: 071 497 2101
Snows on the Green, 166 Shepherds Bush Green, London W6 7PB	Tel: 071 603 2142
Sonny's, 3 Carlton Street, Hockley, Nottingham	Tel: 0602 473041
Sonny's, 94 Church Road, London SW13	Tel: 081 748 0393
Stephen Bull Bistro, 71 St. John Street, London EC1	Tel: 071 490 1750
The Café Royal, (Brasserie) 68 Regent Street, London W1	Tel: 071 437 9090
The Lindsay House, 21 Romilly Street, London W1	Tel: 071 439 0450
The Marsh Goose, High Street, Moreton-in-Marsh, Gloucestershire	Tel: 0608 52111
The Vintners Rooms, 87 Giles Street, Leith, Edinburgh	Tel: 031 554 6767
The Ubiquitous Chip, 12 Ashton Lane, Glasgow	Tel: 041 334 5007
Turner's, 87-89 Walton Street, London SW3	Tel: 071 584 6711
Tutto! 17-20 Kendall Street, London W2	Tel: 071 724 4637
Ransome's Dock, 35 Park Gate Road, London SW11	Tel: 071 223 1611
Riva, 169 Church Road, London SW13 9HR	Tel: 081 748 0434
The Red Fort, 77 Dean Street, London W1	Tel: 071 437 2525
Tuttons Brasserie, 11-12 Russell Street, London WC2	Tel: 071 836 4141
Veronica's, 3 Hereford Road, London W2	Tel: 071 229 5079
Villandry Dining Rooms, 89 Marylebone High Street, London W1	Tel: 071 487 3816
Waltons, 121 Walton Street, London SW3 2HP	Tel: 071 584 0204
Wheelers, 1-4 South Molton Street, London W1	Tel: 071 629 2471
Wheelers, 20 Dover Street, London W1	Tel: 071 629 5417
Wheelers, Alcove, 17 Kensington High Street, London W8	Tel: 071 937 1443
Wheelers, 125 Chancery Lane, London W2	Tel: 071 404 6071
Wheelers, 19-21 Great Tower Street, London EC3	Tel: 071 626 3685
Wheelers, 9-13 Fenchurch Buildings, Fenchurch Street, London EC2	Tel: 071 488 4848
Wheelers, 33 Foster Lane, London EC2	Tel: 071 606 8254
Wheelers, 12a Duke Street, London W1	Tel: 071 930 2460
Wheelers, 19 Old Compton Street, London W1	Tel: 071 437 2706
Willoughby's, 26 Penton Street, N1	Tel: 071 833 1380
Young Bin Kwan Korean Restaurant, 3 St Alphage High Walk, London EC2	Tel: 071 638 9151
Zoe, 3-5 Barratt Street, London W1	Tel: 071 224 1122

California's double whammy

***Jancis Robinson** on viruses which poses a new threat to US west coast vines*

BY this time of year, nurseryman Rich Kunde of Sonoma Grapevines would usually have grafted more than half a million vines for sale to California's grape growers. This year, he has not grafted a single one.

This is despite the fact that demand for young vine cuttings in California has never been greater. Because of the predations of a new strain of phylloxera, the plant louse which devastated the vineyards of Europe and beyond a century ago, Californians are engaged in a big vineyard replanting programme. The only known deterrent to the insect is to graft vines on to phylloxera-resistant rootstocks. The AxR-1 rootstocks, on which the California wine industry is dependent, have been productive but not resistant enough.

Some forecasts say the majority of vineyards in Napa and Sonoma, California's most famous wine regions, will have to be completely replanted over the next decade. But Kunde knows something so serious that, as he puts it, it could be "a tidal wave that will make the phylloxera thing look like a little ripple".

For decades, Davis, the University of California wine research centre, has prided itself as the world's prime source of virus-free vine cuttings from its solid-sounding Foundation Plant Materials Service. Virus diseases have throughout history wreaked almost as much damage as phylloxera on the world's vineyards. Fanleaf is bad but the worst is leafroll virus, probably caused by a group of viruses, which can halve yields but also slows ripening so that the resultant wines are thin and tart.

Leafroll's chief symptom is visible only on some varieties and only during the autumn, when leaves of certain red wine vines may turn over on themselves and take on deceptively beautiful autumnal colours. It is particularly difficult to detect because on some varieties, and all rootstocks (essential for California's phylloxera-resistant replanting programme), there are no visible symptoms at all.

For years, it has been taught, and believed, that leafroll can be spread only by using cuttings from infected plants. But last summer, the FPMS at Davis began testing the all-important 'mother vines' for leafroll, using the sophisticated ELISA technique developed in the early 1980s. This was to ensure that the millions of cuttings released to vine growers all over the world each year really are virus-free.

The plant pathologist found to his horror that about 20 per cent of some batches tested positive, even though they had been selected from apparently virus-free plants.

The situation progressed from sleepless nights to shared knowledge to task forces to decisions and, on December 16, the FPMS issued a letter explaining why they had stopped issuing plant material, admitting that the virus seems to be spreading through their supposedly virus-free Foundation Vineyard and they have not a clue how.

This rather elliptical communication, however, may still be languishing at the bottom of various holiday in-trays. The real showdown will take place this Tuesday at a meeting with California nurserymen and grape growers.

They are confused enough already by what they call the latent virus phenomenon, whereby cuttings taken from vines that performed superbly when grafted on to AxR-1 rootstocks, show horrible virus symptoms now that they are being grafted on to phylloxera-resistant rootstocks. Not

Ancient California vines: prey to a virus

to mention the nasty Pierce's disease for which there is no known cure and which is a particular problem in southern California and in some Napa vineyards.

Not that leafroll spread has come out of the blue. Some observers had noticed leafroll in the Davis vineyards some time ago, but it was not taken seriously. Leafroll had also appeared in New Zealand's National Foundation Vineyard, made up of cuttings imported from Davis, some years back. But again, it was ignored because everyone believed leafroll could only be spread from infected vines and these were vines guaranteed by Davis to be virus-free. In Taiwan, another FPMS client had noticed strange patterns of virus spread too, as had some growers in Europe and South Africa, it now emerges.

Although no one knows how the virus is spreading, and a definitive answer within less than a few years seems unlikely, a vector, an insect perhaps, is implicated. Mealy bug is currently the prime suspect.

Leafroll is not only difficult to spot, it is impossible to cure. Californians who have just replanted a vineyard after the predations of phylloxera now cannot be sure that they have not, in fact, planted virused vines and/or virused rootstocks which will have to pulled up again when, after a further three years or so, they can monitor the vines' performance.

International viticultural consultant Dr Richard Smart has already advised clients in Australia as well as California to pull out any vines showing signs of leafroll, especially if mealy bug is present – unwelcome advice when vines are expected to produce for up to 30 years but take three years to establish in the vineyard.

What a blow to an industry that so recently looked so rosy. For the moment, growers may be paralysed and nurseryman such as Kunde can do little other than hope that it was ELISA at fault all along. Instead of grafting new cuttings for sale, he is currently instituting painstaking tracking systems whereby every cutting he has sold can be traced right back to its source.

Warren Winiarski of Stag's Leap, one of Napa's most viticulturally aware wine producers, said: "There is now a great deal of uncertainty about how rapidly we can go forward with this replanting programme. We may move out of the phylloxera frying pan into the fire of these viruses, Pierce's disease and so on."

WORTHWHILE CALIFORNIAN SELECTIONS

■ WHATEVER happens, California's best wines, which (unlike most from the New World) have real distinction and subtlety, are unlikely to get any cheaper. Morris & Verdin of London SW1 (tel: 071-630-8888) import one of the UK's most interesting selections, including Au Bon Climat and Bonny Doon's deliberately quirky range. Bibendum of London NW1 (071-722 5577) and of York (0423-330131) also try harder than most, with Chalk Hill, Saintsbury, and Kistler's divine 1990 McCrea Chardonnay actually worth the *premier cru* price, £17.50, asked for it. The Wine Treasury of London SW1 (071-730-6774) also imports Kistler and Williams-Selyem's famous Pinot Noir. Bonny Doon, Mt Eden, Rochioli Pinot Noir and Joseph Swan Zinfandel are available from Raeburn Fine Wines of Edinburgh (031-332-5166). Ridge, Chalone, Edna Valley and Mondavi are available from Les Amis du Vin, London W1 (071-487-3419) while John Armit Wines of London W11 (071-727-6846) has Ravenswood Zinfandel. Meanwhile, Oddbins are committed to nosing out California bargains.

Cookery/**Philippa Davenport**

For financiers who are serious about eating...

ONCE IN a while, it is a challenge to cook a seriously luxurious recipe, if only to keep one's hand in. Hence Riz à la Financière, my simplified version of a classic.

The original is a very grand dish of sweetbreads blanched then larded with strips of bacon and studded with pieces of truffle, tongue and ham – a little slice of a lot of good things. The prepared sweetbreads are then braised, garnished with quenelles of veal fillet or chicken, cockscombs, kidneys, mushrooms and truffles, cloaked in a Madeira sauce with truffles and cream, and served in a puff pastry vol-au-vent. Phew.

However, the classic dish is not really fit for modern consumption, even by financiers. Veal sweetbreads are scarce and cost nearly £10 per lb, so I have changed the principal ingredient from sweetbreads to rice, an economical move from ris to riz.

I have also excluded cockscombs – even Harrods does not stock them. The humble lamb's tongue, the texture of which is said to be similar, can be used instead.

Fillet of pork can replace fillet of veal, and lamb kidneys can stand in for calves' kidneys. As for fungi, truffles, porcini or ordinary cultivated mushrooms can be used, or a mixture of all three. Not all these ingredients are necessary, but beware too many exclusions or you will end up with only a bowl of rice.

The rice could be all white, virginal pure, or wild rice with shavings of truffle, as black as sin, depending on how far into the red you are prepared to take your bank balance. And the sauce must be rich.

**RIZ A LA FINANCIÈRE
OR BANKER'S RICE**
(serves 8)

The ingredients and workload which follow look daunting but the good news is that all the cooking can be done ahead. Rather to my surprise, I found that even the meats reheat well – providing they are reheated gently in some of the sauce in a tightly covered dish in a hot water bath in a moderate oven.

At least 2lb of meats are needed, ideally 10 oz of each of four different sorts, as listed below. If one type of meat is unobtainable, use just three varieties, increasing the weight accordingly, or replace the missing item with chicken livers.

For the meats and fungi: **8-10 oz veal or lamb sweetbreads; 8-10 oz lamb's tongues; 8-10 oz veal fillet (or pork fillet or chicken breast); 8-10 oz veal or lamb kidneys; ½ oz dried porcini (optional); 8oz cap mushrooms, preferably so-called chestnut mushrooms; unsalted or clarified butter for frying; shavings of truffle or sprigs of watercress to garnish.**

For the sauce: **12 fl oz Madeira; 2 shallots, finely chopped; a nut of butter; 2-3 sprigs of thyme; ¾ pt good veal or chicken stock (or ½ pt veal or chicken stock plus ¼ pt of the liquid saved from soaking dried porcini); the finely chopped stalks of the fresh mushrooms; 1-2 tablespoons chopped celery leaves; beurre manie made by mashing together 1½ tablespoons each softened butter and plain flour; ½-1 teaspoon La Truffata (a blend of truffle and porcini purée available from delicatessens, Waitrose and selected branches of Sainsbury); a little lemon juice; 4-6 tablespoons double cream.**

For the rice: **12 oz long grain white rice plus 4 oz wild rice (or whatever ratio of wild to white your bank balance suggests); minced black truffle or a splash of truffle juice (optional); 1-2 tablespoons lightly toasted sesame seeds; butter.**

First prepare the meats. Soak the sweetbreads in cold salt water for a couple of hours. Cover with fresh salt water, bring

to the boil and simmer for two minutes. Plunge in cold water for five minutes then peel away membrane and connective tissue so the sweetbreads can be separated into smaller sections.

Soak the tongue for one hour in cold water with a squeeze of lemon juice. Bring to the boil in fresh cold salt water or stock and simmer gently for 50 minutes or until tender. Plunge in cold water, remove skin, gristle and excess fat from the base of the tongue. When cold, slice thinly.

Cut the veal fillet (or pork fillet or chicken breast meat) into quills. Core the kidneys and cut into bite size pieces. (Lamb kidneys are best soaked in milk for an hour before coring and slicing – save the milk for an appreciative cat.) If using chicken livers, clean them and cut into lobes. Put each sort of meat as soon as prepared into a separate bowl, cover and keep cool until ready to cook.

If using dried porcini, soak them in about 7 fl oz warm water. When softened and swollen, drain them and reserve. Strain their flavoursome liquid carefully and save it for making the sauce. Trim the stalks from the fresh mushrooms, chop finely and save for the sauce.

To make the sauce, first put the Madeira into a pan with the butter, shallots and thyme, and boil down to about 5 tablespoons. Add the mushroom stalks, celery leaves, some pepper and the stock. Cover and simmer for 20 minutes or so. Then strain, pressing the solids to extract every drop of their flavour.

Reheat and thicken the sauce lightly by stirring in gradually small nuggets of the beurre manie. Blend in the Truffata purée mixed with the cream and season with lemon, salt and pepper to taste.

For the rice, first cook the white and wild rices in fast boiling salted water until just cooked. Give the wild rice 15-20 minutes head start as it takes longer than white rice to become tender. Drain, add knobs of butter, season well and stir in the minced truffle or truffle juice if using it. Spread the rice out to cool it.

Then spoon it into a large ring mould tin that has been thickly buttered and lined with a sprinkling of sesame seeds. Pack the rice well down into the tin, pressing it firmly with the back of the spoon. The more neatly it follows the curve of the tin, the easier it will be to unmould.

Cover the rice with a foil lid and reheat in the oven when required, allowing 20 minutes at 400°F (200°C) gas mark 6. (Or if reheating the meats as well, use a lower oven temperature and bake for longer, placing both the rice mould and the dish of meats in a hot water bath to protect against drying out.)

When ready to cook the meats, first sauté the fresh mushrooms in a little very hot butter, remove and keep hot. Add more butter to the pan and sauté the meats: first the veal fillet, next the kidneys, then the chicken livers if using them. Finally, add the sweetbreads, tongue and porcini and cook for a few minutes more, stirring and turning the ingredients frequently.

Deglaze the pan with a few spoonfuls of water. Stir the meaty syrup into the Madeira sauce and add any juices from the mushrooms. Then spoon enough sauce over the meat mixture to coat it lightly.

To serve, unmould the rice onto a large flat dish, pile the meats into the centre of the barricade and arrange the mushrooms in a ring round the edge. Grate fresh truffle over them if your budget permits. Bring to the table with sauceboats of hot Madeira sauce.

Full pelt into the world of fakes

Lucia van der Post says today's array of synthetic furs means animal magnetism is not just skin-deep

ANYONE WHO has ever shrugged their way into a real fur can feel at once that it is warm, glamorous, sexy and, as if many women needed any further persuasion, it lasts almost forever.

But, outside the frozen tundras of Alaska and Siberia where wearing fur could be said to be essential for survival, there has always been another, hidden cost – the aura of the idle rich, of Hollywood excess, the faint hint of the kept woman and, in more recent times, of being unaware, uncaring, spoilt.

Since those long-gone days when Elinor Glyn desported herself so exuberantly on a tiger skin, attitudes have changed – real fur may be softer, warmer, longer-lasting, a better investment (and it is all of those things), but, by and large, most of us prefer not to wear it. Some do not dare, some genuinely do not want to and others cannot afford it.

The good news, though, is that the alternatives get better and better. Fake fur used to look stiff, garish and – not to mince words – just a bit common. Modern fibres and mixtures, as well as new ways of treating the fibres, mean that the latest generation of fake-fur fabrics are softer, warmer and infinitely more appealing than their predecessors.

They take colour better – prints can be soft and subtle, like the smudgy grey and black hooded duffle coat (above) or deliberately, flauntingly bold and eye-catching like Sportmax's glamorous car-coat (above, right). Some ape the real thing alarmingly realistically, others home in on strange and unearthly mutations of leopard, panther, cheetah, tiger, ocelet.

Above all, though, the appeal of the furry numbers featured here is that they are nearly (but not, it has to be admitted, quite) as warm, as cuddly, and as glamorous as their natural counterparts – but all are a great deal cheaper.

If a full coat is not what you are looking for, a range of sumptuous accessories in fake fur has arrived in the shops this winter. Jilly Forge, for instance, in her own shop at 14 Addison Avenue, London W11, has some long fur-cuffed gauntlets, silk-lined, in chocolate, white, light brown or black at £70 a pair that would add panache to almost any outfit. She has a big range of warm, soft squashy hats in almost every shape and colour, from chocolate and light brown to black and white (prices range around £65), as well as muffs (£65) and velcro-fastening fur-collars (£70) which could add instant glamour.

At Fenwick of 63 New Bond Street, London W1, there are some adaptable 'fur' pieces in mottled-grey animal print which can be used to glamorise gloves, coats (add them as cuffs) or the tops of boots. At £19.95 a pair, they are a bit of fun to cheer up a grim January or February day.

If you still have not bought a winter coat and are thinking that perhaps a fake fur is the answer, Fenwick has the most reasonably-priced classy version fake I have seen – once £259, now reduced to £199, it features a soft grey cat print and is cosy enough to see you through any number of chilly winter days.

Finally, anybody out and about on the high streets will have noticed that the fad for jungle prints has strayed far beyond just coats – from T-shirts and leggings to Versace's much-photographed (particularly on the Duchess of York) silk blazer; versions, some chic, some kitsch, are everywhere. You could buy an outrageous body or a chiffon shirt, a simple scarf or a luxuriously soft twinset such as the one here from Laura B.

You could pay as little as £12.99 for leggings (at C&A, which has a complete feline collection of its own) or several hundreds for a Versace jacket. The main thing to remember is that animal prints may be fun, a bit of tongue-in-cheek, but they are dangerously easy to over do. If in doubt, do not don more than one spotted number at a time and keep the background colours to grey or black or brown.

SUGAR-COATED: Fake fur can be subdued and subtle, frankly imitative or gloriously fake. It can cater for every mood, from casual through to seriously chic, can be worn trundling round the supermarket or keeping out the chill night air on the way to the opera.

- **From left to right: soft, charcoal grey duffle, with a hood, in 71 per cent acrylic and 29 per cent cotton. *Designed by Jean Louis de Paris,* in size 12 only, £420, from Harrods of Knightsbridge, London SW1.**
- **New long length, all-enveloping coat in black, rust or chocolate, 67 per cent acrylic, 33 per cent cotton, £189 from Whistles, 12 St Christopher's *Place, London* W1.**
- **Outrageously glamorous leopard-print car-coat, sizes 8-14, 63 per cent acrylic, 37 per cent cotton, by Sportmax, £390 from MaxMara, 32, Sloane Street, London SW1.**

Illustrations: Kim Dalziel

GETTING AHEAD: (Above) Warm, soft, squashy hat in chocolate, light brown, black or white, £65 from Jilly Forge, 14, Addison Avenue, London W.11. Dollargrand's zebra-stripe bucket bag is £52 while the leopard-spot version, slightly bigger, is £75 from Harrods (p&p £3 for either). Soft wool twinset in grey and black or rust and brown animal print, cardigan £155, sweater £145, both from Laura B, 25b Walton Street, London SW3.

Or is it just a silly fashion?

*Fake fur is a bad answer to the wrong questions says **Robin Lee***

LIKE ALL politically correct notions, the idea of fake fur flies in the face of reality.

It is neither warm nor soft, it is not lasting, and it looks no more like fur than the Maastricht Treaty looks like a victory for Britain. As with all such notions, no one really believed in it even when it was at its most fashionable.

A decade of anti-fur campaigning has transformed the ostentatious wearing of fur – but not leather, which is just skins with the fur removed – into a political issue. In the early 1980s, fur shops were sporadically fire-bombed and vandalised. Fur farming came under attack. Harrods closed its legendary fur salon in 1989 because insurance costs became prohibitive, and scores of other furriers shut down in a climate of fear.

Sensational anti-fur advertising campaigns, featuring outrageously misogynist images equating women with bloodied quarry "Rich Bitch, Poor Bitch", have encouraged verbal abuse – "it took 13 dumb animals to make this coat and only one to wear it" – and even physical attacks on women wearing fur. Terrorist methods apparently failed to alienate public opinion which was exposed to absurd allegations which still abound. They range from rumours of subsidies to farms where animals are allegedly gassed, so that clean pelts can be obtained, to ridiculous reports that fur traders prowl the streets to capture cats.

Just as there was no concerted resistance to the terrorist tactics, there has been no effective defence of freedom of choice in the wearing of furs. In spite of its similarity to quests to abolish, for example, smoking, fox hunting or all-male clubs, the anti-fur campaign never aroused moral indignation in the press, nor a disgruntled murmur at the Tory Party Conference.

Fur was finished off but by women's magazines and fashion writers who pronounced it to be "out of fashion".

They did what the anti-fur campaigners had not been able to achieve on their own. Some decided to boycott fur altogether; others decided against coverage.

In 1991, the suggestion of writing about fur was greeted at a *Tatler* editorial conference with gasps: "*Real fur?*" and a firm reproach that "our readers don't like fur and they don't wear it". But in September last year that editorial policy was reversed. By December, even *Vogue* and *The Daily Telegraph* had caught up with the latest consensus.

If all this seems like some inexplicable conspiracy theory, then the question to ask is *Cui bono?* The answer is, of course, the women's magazines and fashion pundits themselves. Their gripe against fur is more than skin-deep.

Their social discontent arises from tantalising proximity to the truly rich, while they themselves are merely well-heeled; from following fashion they can rarely afford.

Their attack on fur is a test of their ability to manipulate trends: for fashion is only a powerful weapon so long as it can be defined as more the possession of intangible knowledge than of tangible things.

So it was that we have had the trend for all things fake – fake pearls, less than genuine bosoms, and, of course, synthetic furs. The object? To devalue, if not to expropriate, what is real.

It is not the rich who lose out. Those who can afford it can wear what they want, and if they no longer want fur they can indulge some other whim without the least hardship. For the rich, anyway, fashion is an amusement, and the more drastically it changes the more amusing it is. The poor are also immune – unless they happen to work in the fur industry.

The ones who lose out are somewhere in between. For such people, fur is a well-considered investment: rather like a Savile Row suit. It transcends fashion and it is a symbol of independence. And it is this which the arbiters of style cannot abide.

Yet this year we are told that fur is back in fashion. Fur trims and accessories are in the collections, and it is all right to wear fur as a transient, authorised adornment. The debate has less to do with being sympathetic to animals than pursuing novelty and pleasing editors.

TRAVEL

The hunters with feathers in their caps

Nicholas Woodsworth follows the trail of a band of big-game enthusiasts in the Alps and asks: is it right to kill animals for fun?

PERCHED on a ridge amid gloomy stands of pine, the little hamlet of Unter Gösing is not the easiest of places to get to. It sits in the isolated Otscherland, in a part of Lower Austria where the Alps break up into steep, thickly-wooded hills before tailing off into the broad plains of eastern Europe.

Foresters, loggers and small-scale hill farmers live in its valleys. Its upper reaches have a different population – they are much favoured by mountain chamois, moufflon, roebuck, red stag, and the men who hunt them.

To get there I had left the comforts of the Danube and driven high into the hills through the towns of Ybbs, Scheibbs and Puchenstuben. The wilder the names became, the wilder the country too. Up I snaked through steep-sided valleys, towards a blanket of autumn mist. By the time I pulled up outside the Gösing Alpenkurhotel in the late afternoon, the mist was curling through pine forests below me; I felt as if I had arrived at the end of the Earth.

Could this be the right hotel? Surely not, I thought. I was in the Otscherland because I was interested in Austrian stag-hunting, much reputed among that shrinking band of enthusiasts still enthralled by guns and big game. But where were the hunters?

There were elderly gentlemen wrapped in fluffy white towels shuffling in and out of sauna-rooms. There were stainless steel dispensers marked "nerve-tee". There were doors marked "colon-hydrotherapie". None of this immediately suggested unbounded machismo and the simple pleasures of the great outdoors. Could hunting, under the scourge of eco-protectionists, greens, anti-vivisectors and others have become quite this limp?

The spa-like atmosphere changed dramatically not long after sunset when a small fleet of four-wheel-drive Toyota pick-up trucks crunched to a halt outside. The men who got out were definitely not health-curists, but neither did they measure up to my image of hairy-chested hunters.

Apart from the rifles they cradled, they were dressed from head to toe in that rich tyrolean colour, halfway between olive drab and forest green, that is peculiar to the German-speaking Alps. They wore long socks and buckled knee breeches, elegant jackets with silver buttons, long felt capes, and tyrolean hats with silky plumes and braided hatbands. I had never seen hunters like these.

'Stalking and killing an animal is both exciting and senseless'

More convincing was the large stag that lay dead in the back of one of the vehicles. I gazed at its ruddy-brown coat, sniffed its pungent zoo smell, fingered the antlers that rose a good 3 feet above its skull. Somewhat guiltily, I avoided the trusting liquid brown eyes that had stayed open: no matter what Hemingway says, wild animals do not remain beautiful even in death.

I may have felt guilty, but not guilty enough to avoid the game pâté and venison with cranberry sauce offered on the hotel game menu that evening. Surrounded by hunters now busy quaffing beer, downing rich red meat and swapping hunting stories, I discussed my own stag-hunting plans with Octavian Gassaver, the hotel's owner and an avid hunter.

Is hunting barbaric, a slaughter of defenseless animals by inadequate individuals? Or, more nobly, is it part of the larger cycle of life and death in the natural world, an age-old survival instinct buried deep in man's culture? These were not questions Herr Gassaver asked me directly. He merely wanted to know whether I preferred to come along as an observer or wanted to carry a rifle and hunt.

Simple questions invite more difficult ones, though, and I found myself hesitating, for I have never been able to come down firmly on one side or the other of that most emotive of issues, the morality of blood sports. I am both attracted and repelled by them, and that is why they interest me. Stalking and killing a large wild animal is both exciting and senseless. Is there such a thing as civilised hunting, or is that a contradiction of terms?

My first inclination was to believe that it was all rather nasty. Take stag-hunting. When my host told me I would have a good chance of shooting a stag, I asked him why. "To shoot a stag you must find a stag, and this is not easy", he told me in his rough and ready English. "The best way is to hear it cry. And when does it cry? When it is in love."

Herr Gassaver, I finally realised, was referring to the rutting season. Autumn is the time of year when stags lose their caution, come into the open and try to attract females with loud and desperate-sounding mating calls.

My moral problem eased itself the moment I asked how much the fees would be. They vary, I found out, according to a complex formula of length, weight, size and shape applied not to the stag itself – the animal is not the final object of the hunt – but to its horns.

What about the stag in the back of the truck, I asked. I tried to picture horns like that hanging on my dining room wall. About 180 points, Herr Gassaver suggested. That would cost something over £5,000 in trophy fees, which did not include 20 per cent VAT. In hunting as in most theatres of life, economics usually push moral considerations out of the picture. I retired to bed with my conscience clear; I would just watch the early morning hunt.

I was woken at 3.30am and 30 minutes later was sitting in the back of a Toyota beside Asta, a prized red Bavarian bloodhound. In the front were Christian Kupfer – her master and the Alpenkur's head-hunting guide - and Didier Hugot, his client.

Off we bounced through the forest on dirt roads, down the mountainside, along a narrow valley, then high up the opposite ridge. The weather was abysmal. As we drove through the dark our headlights cut through a steady fall of rain. Nevertheless, Didier Hugot, an extroverted company executive from Paris, was up-beat. Hunting, he told me, was no fun if it was too easy.

The next few hours were not easy, but neither were they a lot of fun. We stopped the truck in a clearing and stepped out into cold rain. In the pitch black I could barely make out my companions beside me, much less the steep and heavily-wooded hillside.

Christian allowed us not a single word, nor the smallest sliver of light. How he and Hugot climbed blind through a forest without making any noise mystified me. My own small achievement lay in smothering foul oaths – within five minutes I had banged into a tree, smacked my ankle against a rock, and nose-dived into a small and muddy stream. By the time we arrived, half-an-hour later, at a small hunting blind, I had begun to feel that the anti-hunting brigade was right: this *was* a cruel sport.

And there we sat, waiting. The rain fell and the light lifted. Occasionally raising binoculars to their eyes, the two hunters kept their eyes roving over the dim grey space ahead. Asta dozed. My bottom was numb, my foot went to sleep. I dripped. Nobody spoke, nothing happened; 6 am came and went. There were no disconsolate mating calls, no love-lorn stags. Finally Christian had to admit defeat – rain was keeping the stags in the shelter of the forest. We trudged away.

I felt disappointed. Didier Hugot, on the other hand, did not. There is much more to hunting, he told me, than the kill. He estimated that for every stag he has shot he has put in 30 hours of hill climbing, stalking, or just waiting. I asked him why he came such a long way to spend so much money for such hard-earned results. Was there no hunting in France?

Of course there was, he replied. "But hunting here has nothing to do with hunting at home. In France, especially the South, we blast anything that moves. It is complete anarchy."

In Austria it was different, Hugot said. Here, as in Germany and Switzerland, there was a discipline, a strong and much-cherished hunting tradition. Teutonic hunting culture dated from the Middle Ages when the hunting of "high game" like deer, roebuck and chamois (as opposed to "low game" such as hare and fowl) was the privilege of the wealthy land-owning class.

Austrian society may be more democratic today, but noble hunting traditions persist. Every hunter subjects himself to a strict code of behaviour. He takes years to build the knowledge he needs to pass an Austrian hunting licence exam.

"Look how hunters in Austria dress", Hugot said, indicating his own cape and clothes. "In everything they do there is a style and an attitude that gives value to hunting. This is what counts. I did not kill a stag today. What does it matter? It is the ambience, the ethic that is important. The final act, pulling the trigger, is almost irrelevant."

'There is much more to hunting than the kill'

Didier Hugot had not displayed a blood-thirsty, smoking-barrel-and-spent-shot machismo. He had not come remotely close to shooting a stag. But he had thoroughly enjoyed himself. Even I, crashing about on the hillside and with no qualifications to wear tyrolean green, had enjoyed myself. Austrian hunting is an expensive, esoteric art in which the means seem to count as much as the ends.

I did see one more stag before leaving Gösing, or at least part of one. I watched Christian Kupfer outside his forest chalet boiling a stag's head in a metal drum to remove its flesh before sawing away its frontal bone and horns. It was not a terribly pretty sight. Sometimes hunting is a cruel and barbaric practice. But I am more tempted now to believe it can also be a civilised sport.

■ *Nicholas Woodsworth was a guest of the Alpenkurhotel Gösing, 3221 Gösing, a. d. Mariazellerbahn, tel: 010-43-272-8217.*

Truth of the Matter

Milton! thou shouldst be living at this hour

*England hath need of thee, says **Nigel Spivey**, who especially commends him to David Calcutt*

MILTON'S *Areopagitica* is one of those classics of English prose more often quoted than read.

"As good almost kill a man as kill a good book." It is packed with such proverbs and pieties of independent authorship easily quoted whenever the question of censorship arises.

Yet its quotability does it disservice. It ought to have furnished principles of guidance to Sir David Calcutt: but presumably he, like the rest of us, supposed Milton to be defending the freedom of authors, not journalists; since not even their most brazen supporters would claim that any conduit of the gutter press carried "the precious life-blood of a master spirit".

Re-reading the *Areopagitica*, I find that it survives remarkably well not only as the classic case for works of art to find free expression, but also a valid argument against most of the measures proposed for curbing the British press.

It was written in 1644, as an explicit protest against an Order of Parliament intended to confine all printed matter to government-licensed presses. Many "scandalous, seditious and libellous" works had been noted by Members of Parliament, "to the great defamation of religion and government".

The legislation granted powers to the Stationers' Company to search for unlicensed presses and destroy them. Milton's reply to this was cunning in its rhetoric: he permeated his polemic with anti-Papal sentiments, likening the government licensing system to the protocol of stamping a book with an *Imprimatur* – "let it be published" – and treating a grave subject with less than Miltonic gravity. He made it appear as if the legislation were so absurd that it caused even him, a committed moralist, to laugh.

Behind the rhetoric, however, is a core of good sense which deserves rehearsal. The *Areopagitica* does not indulge the classic dilemma of liberalism. That is, it accepts the natural company of both good and evil. It does not propose a template of censorship where printed matter may be judged either proper or improper.

Regulation is not a relative measure here. Government either controls the press, or it does not. If it chooses to control, then it must be consistent. Milton reminds us of Plato's system of enlightened guardians, who were thorough in their regulation. They licensed not only people's reading matter, but people's clothes, people's music, and even people's sex lives.

"Who shall regulate all the mixed conversation of our youth?" he demands. The Platonic option translates into totalitarianism: that is why newspaper editors have universally tagged the Calcutt deliberations as "undemocratic."

Milton is not an anarchist. He believes in standards. And he admits that unlicensed printing results in the circulation of trash. But unlike Sir David Calcutt, he is not prepared to countenance legislation against trash: "I cannot praise a fugitive and cloistered virtue."

From that, one may reasonably suppose that were Milton called to testify today, he would prefer to see his monarchs plagued by *paparazzi* than place themselves, in carefully chosen poses, before carefully chosen image-makers. Agreed, that preference allows shoddiness, mud-slinging and "inaccuracies" – all the impurities to which Sir David Calcutt addressed himself – but it also allows for truth to prevail over half-truth, for gold to outweigh dross, and the preservation of justice.

The onus upon those who suffer attacks from unlicensed printing is not to produce regulation, but persuasion. The false and the badly-researched will reveal themselves, so long as the powers of selection remain with the reading public, not the nabobs of some statutory council.

The Miltonic attitude may seem optimistic. But it was the same conclusion reached by the Williams Report on Obscenity and Film Censorship in 1979, and Milton would be heartened by the most recent figures from the Audit Bureau of Circulations, which detail newspaper sales for June until November last year.

Taking into account the influence of the recession, there are clear signs of tabloid decline. Not even an *annus horribilis* can sustain publications dependent upon perpetual melodrama, it seems. But most heartening to followers of Milton is the 18 per cent fall in sales of the *Sunday Sport*. The initial success of this paper was immensely depressing to anyone with the slightest moral intelligence: its six-month decline from 366,091 readers from June 1 to 299,477 readers in November shows an appreciable upsurge in discrimination from types one might otherwise have defined as cretins.

Acceptable levels of trash. That is what Milton argued for, not only as a price worth paying for the preservation of the free spirit of enquiry, but also as a sort of moral background noise. In his words: "That which purifies us is trial." We recognise quality because we know what is bad; and we do not need Sir David Calcutt, or anyone else, to tell us.

Gardening/**Robin Lane Fox**

'Yes' to discrimination, 'no' to floral apartheid

Planning a border from scratch has its attractions

A mixed herbaceous border in which you should cultivate an artful air of wilderness

WHILE THESE amazing rains pour down, I have been looking to next season's potential and pondering on a gap in every gardener's library.

Many books exist, but nobody has ever written the ideal book on how to design a garden: what is the reason and what can be said meanwhile?

One reason is the variety of taste which changes in fashion soon complicate, another is the extreme difficulty of being specific when readers have so many different sites, soils and settings in their background. There is also the problem of the illustration.

Drawings and plans cannot do justice to the changes of light and shade during a day or a season. Photographs lie, although we have all been inspired by them. They fix a particular light or a particular moment; they cast a glamorous focus on one good feature.

Editors tend to print only those photographs which look seductive. Design is also a difficult subject to describe. Books can be grand and lofty or woolly and vague. The late Russell Page was a remarkable example of the former style, rivalled by Sylvia Crowe in the latter.

Matters were not much better in the great age of Capability Brown and his successors. I find that their historic writings suffer the same problems. Without writing a book, I will try to avoid extremes and offer a few guiding thoughts.

Before me stretches a newly-cleared border, blank like the human mind, in the 17th century's imagery of one. How do I start thinking about it? I always try to picture the final result in context. Will the design fit in? Will it suit that phrase from the 18th century, "the genius of the place", and look good in its surroundings?

This habit of thought discourages pure borrowing. The wrong way to begin is with something "as seen at Sissinghurst" or in a photo of Tintinhull, to be copied exactly in east Essex. Unlike foxgloves, other people's bright ideas do not transplant anywhere. Straight plagiarism looks scrappy and unconvincing, although photographs sometimes encourage it.

I will limit myself to some clear thoughts about borders. In a border, I would always go mixed. Herbaceous borders and beds of nothing but roses are too limited in form, season and texture: why not have some pale blue ceanothus among musk roses or mock orange blossom in a bed of civilised phloxes?

Shrubs give backbone, especially if they are evergreens, repeated at wide intervals. My favourite hardy evergreen for this purpose is the white-flowered *osmarea burkwoodii*, as nurseries describe it. In mild districts, I would also use waxy green pittosporum. Several groups of each divide a bigger border into sections which are much easier to visualise. Even in a small garden, start with thoughts of backbone and then span the boundaries by reading and plundering several chapters of sections in a catalogue. You might even like to grow scarlet runner beans on tall stakes for height in the back row.

Books and plans still encourage you to plant in blocks at a density of five plants or more to a square yard. The density is impossibly expensive and I would always prefer to buy one big plant for nearer £3 and split it myself into pieces, growing them on carefully during their first year. I am also against blocks.

The shrewd Miss Jekyll preferred the thinner shape of drifts which are longer than broad. She felt, quite rightly, that drifts were less obtrusive when out of season. This preference is evident in most of her border plans, printed in her books or visible in facsimile in a garden shed at Hestercombe, near Taunton in Somerset. I also like to scatter and repeat.

After the backbone, my thoughts always begin with a plant which I want to be the main feature down a border or round a garden in any one fortnight. I then repeat individual bits of it often enough to lead the eye in search of it. Designers and their books underestimate this trick. Their schemes are cluttered up with subtle theories of colour and heights.

Meanwhile, the eye will jump over a mass of stems out of season and head for something which is directly in season. You can test this principle on any garden-watchers who come to visit. They like to be able to say that the sweet rocket is looking wonderful in early June or that the single pink rose *complicata* is amazing in July. The eye must be drawn to something and then led on by repetition so that it overlooks weaknesses and retains one instant impression.

What about colour? My rule here is discrimination, but not floral apartheid. I do not go for single coloured borders, all white or all purple. In very large gardens, they can still be an amusing enclosure, but otherwise they limit choice. Blues, yellows, pale pinks and whites form one group in my mind's eye; all or some of them will combine very happily, provided that the yellows are not too strong. Reds, whites, oranges and purples are another group which need greater care but could still allow harmony or contrast.

If you are stuck at any point, turn to silver-leaved plants to help you out of the problem. They combine with almost anything and take the edge off a hard colour. As a general rule, strong colour is better near the back of a wide bed. In the foreground, it arrests the eye and diminishes depth. Like all rules, this one is all the better for being broken occasionally. But if you break it too often and put all the ghostly colours at the back, you will foreshorten the border's scale.

What, lastly, are the overriding values? For me, they are scent, season and amiable elements of scattiness. If you are looking for scent, use a specialised book, of which *Scent in Your Garden* by Stephen Lacey is a helpful guide. Always use plants which have a longer season than a week or so: as yet, there is no fully reliable guide in the UK, least of all the nursery catalogues which imply that their plants will flower for many more months than most of them do. Whenever I descend to detail, it is this value of season which preoccupies me. You can have three or more different borders if you cultivate a sense of season and think of the space as a stage on which different acts in succession will take the limelight.

As for scattiness, you already have the drift of it. Be formal, but not too formal when planting and distributing flowers. You should cultivate an artful air of wilderness and aim for that moment when gardens look as if they are just about to run out of control. You see why good design is the subject with so few classics: I know this quality when I see it, but I cannot quite describe it specifically. Perhaps it is like theology. The Unauthorised Border: there, perhaps, is the title which might have the properly scatty scope.

Fishing/**Tom Fort**

Other fish to fry

I HAVE often found myself envying other fishermen for their skills, none more so than a Frenchman I met on the Suir in Ireland. He was a dentist from Paris, small, neat and astonishingly accomplished. He extracted the devilishly educated trout from that devilishly difficult river with an ease which put my ham-fisted efforts to shame. I have been similarly humbled watching Italians, Belgians, and Spaniards, not to mention Poles, Slovaks and Romanians.

This is fly fishing, which is, and has long been, an international sport. But the majority of the army of anglers across Europe seek their pleasure in species other than trout and salmon. Their joy is in pike, carp, perch and the like. And here there is a gulf between the British and their continental counterparts which it will take more than treaties, summits and avalanches of regulations to bridge.

Quite simply, it is a matter of why we fish, and the division can be illustrated linguistically. In French, there is a word *friture*, for fry-up of little fish. In Italian it is *frittura*. There used to be a word in English, tansy, but it has fallen into disuse because we no longer fry little fish.

The typical French fisherman is not my Parisian acquaintance. He is a figure in a beret, hunched by the Seine, a *caporal* stuck to his lower lip. With an immensely long pole, he flicks out an infinitesimal bait, whisks out a minute fish, and drops it into a bucket, where he cares not if it lives or dies. At the end of the day, he scoops up the harvest and sets off home, already hearing the sizzle of olive oil.

This is not the British way. Here, we gaily kill and eat our trout and salmon. But, in general, the lesser fishes – be they fat, toothsome carp, or lean, firm-fleshed pike – go back alive.

I doubt if one in 1,000 British coarse anglers has eaten a capture.

The old books are full of quaint recipes for freshwater fish. But we have lost the habit. Within the UK coarse fishing fraternity, a puritanical aversion to killing fish has developed. A man found knocking a carp or tench on the head risks violence and expulsion from his club.

With this invincible prejudice comes the assumption of moral superiority. The average British fisherman knows little of how they do things abroad. But he knows that the continental angler beats everything he catches to death, and then cooks it with strange and unnatural ingredients. He thus regards him as a barbarous fishmonger, sunk in primitive beastliness, indifferent to the suffering of his prey and to the welfare of the environment.

The view from abroad is equally unflattering. To the continental, the link between quarry and table is central to the sport. He is a hunter, a provider of food. The idea of sitting for hours, enduring every kind of discomfort, only to return the catch to the element from which it has been removed at such cost is laughable. It is another species of English madness.

I like to think I can see the strengths and weaknesses in both philosophies. It seems to me wasteful and wanton to kill every fish you catch, whether anyone wants to eat it or not, and it is a depredation which waters cannot stand for long. But I hate the English intolerance and ignorance.

I will be doing my bit for culinary and piscatorial bridge-building this year. But the lead must come from the top. One day, perhaps, the prime minister will tuck into *carpe a l'ancienne* at the Elysée; and offer the French president at the return banquet stewed eel or barbel stuffed with sweetbreads, crayfish and artichokes. Then we will know the barriers are coming down.

Moments of madness bring in the money

*England's follies are now highly prized for their individuality and spectacular siting, says **David Hoppit***

THEY were the aristocratic equivalent of plastic gnomes – the ultimate status symbol; but the follies of the 18th and 19th century have now become an integral part of the British landscape.

Some regard them as vulgar ostentation, but Gwyn Headley believes them to be the "manifestations of architectural individuality that made this country the cynosure of the world".

Headley is so convinced of the appeal of follies that he and three partners have launched Pavilions of Splendour, an estate agency specialising in unusual buildings.

Prices, in keeping with the general theme, are quoted in guineas. The follies on offer cost between one guinea and 1m guineas.

Most follies were expensive jokes with no utility other than as somewhere to store the croquet sticks or shelter from the rain. Now, however, those that survive are much sought after as unusual homes, built as many are in prime scenic locations.

Take, for instance, Sway Tower, to the south of the New Forest. Headley believes it is "the greatest pure folly tower in Britain" – joint agent Fox & Sons describes it as one of the most remarkable buildings in England.

The tower, started in 1879, took Andrew Thomas Peterson six years to complete; from the belvedere on the 218ft summit, there are breathtaking views as far as the Isle of Wight and Salisbury cathedral.

The present owner, Paul Atlas, said: "Peterson was an eccentric judge who returned from Calcutta determined to prove that it was possible to build a tower without reinforced concrete."

No scaffolding was used by the 40 labourers working on the job. Atlas bought the cottage in the shadow of the tower in 1973; he bought the tower later and poured all the family's energy and cash into its restoration after the 1987 gales.

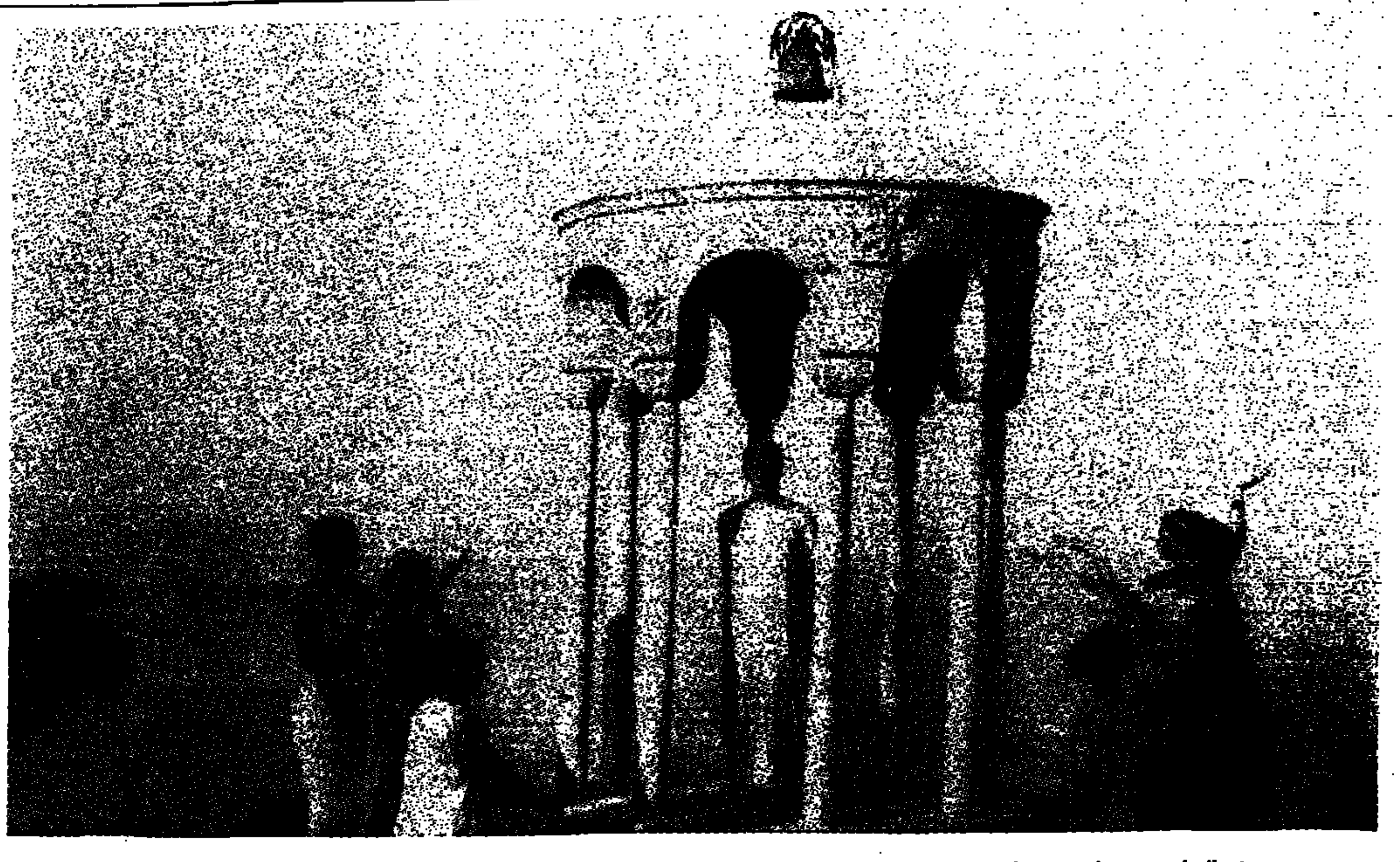
In June last year, it opened as one of Britain's most unusual hotels, with just four bedroom suites housed in the tower with its 330 steps.

There is an indoor swimming pool, a floodlit tennis court and other outbuildings, including a snooker house. Together with the cottage, Sway Tower can be bought for one million guineas.

Another folly on the agency's list is Hadlow Tower, soaring 170ft above Tonbridge, Kent. The grade-one listed, octagonal tower was built in 1838 as an addition to Hadlow Castle, built by William Barton May in the late 18th century and known as May's Folly.

The current owner, Michael Kiesser, is looking for a partner to buy a half-share in the folly for about 700,000 guineas, to establish some form of leisure enterprise.

Thameside temptation: an octagonal gazebo on offer for £200,000



Living in Clovers: the clifftop house in Tenby, Wales, has an amphitheatre and a temple of the winds, previously the setting for many drama productions

Pavilions of Splendour has some decidedly unsplendid temptations as well; there is, for instance, Deepings Lodge, in Deene Park, Corby, Northamptonshire, which could be your home for just one guinea.

The snag is that the guinea buys a 21-year full repairing lease, and there is a lot of repairing to be done on the little 19th century stone lodge, plus the provision of main services.

After many years as a hospital, Craig-y-Nos Castle, in Abercraf, Powys, has been restored to the sort of elegance furnished by soprano Adelina Patti, who bought it in 1878.

Patti built a scale replica of Bayreuth State Opera House, plus aviary, conservatory, winter gardens, chapel and many other rooms. Although much of the restoration is complete, there is potential for developing the remainder of the castle.

This means the 550,000 guineas price guide could be just a start, but there is already a monthly turnover of about £30,000 from functions and musical events.

But is it fair to describe builders of what we call follies as eccentric?

"My great-aunt Jessie would have said that her amphitheatre and temple of the winds were two of life's essentials," said John Blake, who inherited Clovers, in Tenby, from the old woman.

Jessie Allen lost her fiancé in the first world war and threw herself into a drama teaching career at Cheltenham College and at her Welsh clifftop home. Many a budding thespian had a first taste of Shakespeare in the amphitheatre.

Jessie's Indian-style bungalow has now been replaced with a five-bedroom, single-storey home, with distant views of Lundy and Caldy Island and the Devon coast. There are five acres of land sloping down to private, sandy beaches.

The amphitheatre, with tiered seats cut into the ground, has a raised stone stage. Nearby is the temple, built by Royal Academician Alan Strawbridge; it once had glass wind chimes suspended from its domed cupola.

The house, land and follies are offered for 250,000 guineas.

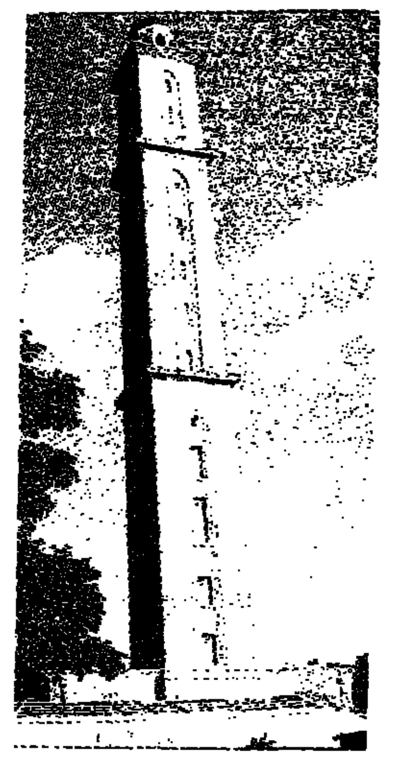
Knight, Frank and Rutley has had a good year for Shropshire follies. After agreeing terms for two of the four follies at Weston Park, the firm now offers Sham Castle in Acton Burnell, Shropshire.

Built in the 1780s as a music room for the Bruce Smythe family who owned the surrounding estate, the folly was restored in the 1980s and is now a comfortable home with remarkable views. The hexagonal first-floor drawing room and its intricate plaster-work ceiling is especially beautiful. The agent eschews guineas, asking £185,000 for a 90-year lease.

Among a number of follies on the market is a little castle and a stone boat house on the Didlington Hall Estate, Norfolk; but Savills says a buyer will have to take on the 460-acres of lakes and farm and all the buildings as well. The original mansion was demolished in 1950 so this could be one of the best building "plots" in the land. Savills also moves with the times, giving the guide price in pounds – £850,000.

Likewise with Hamptons, which suggests £200,000 for the octagonal gazebo in the gardens of the original Richmond Palace, by the Thames. The beautiful folly, dating from the early 18th century, has been meticulously converted into a little home; among the features are arrow-slit windows, now filled with stained glass salvaged from a nearby church.

Pavilions of Splendour: Tel: 0622-679447.



Sway Tower: breathtaking views

Dance of death

Continued from Page 1

submission of what was formerly judged on political grounds to the sometimes harsher verdict of the market.

Irina Miroshnichenko, in her pleasant central Moscow flat, puts it this way: "There was censorship before, of course, but there was a lot of freedom to do the greatest plays in different ways.

"There was a lot of innovation, and every town, almost, had its theatre or even opera house. Now, everything is commercial. Some things should be, of course, but in art, not everything." She has not escaped: she is building an apparently successful second career as a singer, with a Piaf-like number called *Ah, Tak Zhal*, or, in the French, *Quel Dommage*.

Russian leader Boris Yeltsin: his new era of freedom has not helped the Russian arts

Oleg Bakliashvili, another of Russia's best-known stage presences and a Russian parliamentarian, made the same point in parliament: "Russian culture is on the verge of destroying itself. Having welcomed the market, artists now demand protection from it."

There is only a small literature or drama of the new times. The contemporary drama by Alexander Galin, *Sorry*, about Jewish émigrés is one example, but a production of *On Golden Pond* by the US dramatist Ernest Thompson proved more popular with Moscow audiences.

The American play's setting amid a wealthy family faced with the problems of age recalls the plot of the comically crude Mexican soap opera, *The Rich Also Cry*. This commands the largest audiences of any TV show from Brest to Vladivostock: the popularity of both reveal a deep need to escape to a fantastic world.

For much of this century, Russian art was mummified in the socialist-realist forms favoured by Soviet leaders. It became less propagandist as the years went on, but kept at least a subliminal moral message and avoided themes such as criminality or overt criticism of the Communist party.

Now the republics, including Russia, have begun a search, sometimes frenzied and discriminatory, for their own forms. This has often led them to kick out Russian cultural centres, as, for example, when the Latvian government closed down the famous Russian Youth Theatre in Riga.

Despite the restrictions, Soviet art at the beginning of the century showed an extraordinary inventiveness, especially the plastic arts, walled up and covered over with pseudo-classical heroics and Gothic imperialism.

Vigour and inventiveness was shown also by its finest musicians such as Shostakovich and film-makers such as Eisenstein, even though they were openly and humiliatingly brought to heel.

But the first products of the new freedom, such as the films of Govorukhin, are dour and resentful, most brilliant when evoking loss and dislocation.

It is unthinkable that such a fantastically rich culture could be permanently exhausted, but its recovery has yet to begin.

SPORT AND MOTORING

NEIL KINNOCK was at his most talkative. He had rung twice during the day without getting through. Now the former leader of the opposition was in full flow. He wanted to talk about rugby and specifically the international championship, which begins this afternoon.

Whatever you might feel about his political views, Kinnock's thoughts on rugby are worth paying attention to. He attended the same school as John Dawes, the brilliant captain of the all-conquering British Lions of 1971. He has dabbled in refereeing and when his constituency duties permit he has coached mini rugby at London Welsh.

"Where would I put my tenner?" he mused aloud, and even on the other end of the telephone you could detect the smile of pleasure on his face as he considered the question. He, a patriot, was between a rock and a hard place, forced to express too much admiration for England, anxious not to write off Wales.

"England's backs are terrific footballers" said Kinnock. "If Rory Underwood played in the centre I would be very frightened. He has been under-exploited on the wing and he is such a great defender. Carling is so creative and courageous, Guscott is just magic to watch and Rob Andrew can do anything."

In the end, though, Kinnock said he would not risk his money on England, suggesting there were too many imponderables for Will Carling's team to be a good bet for an unprecedented third grand slam in as many years. In this he is almost alone.

Man for man England are far better than any other side. If you doubt this, compare each England player with his opposite number in the other countries. There are no Irishmen who are better, only one Welshman – Robert Jones is a more accomplished scrum-half than Dewi Morris – and only a couple of Scots and French.

Furthermore, I would back England against a side chosen from the best of the four other countries, such is the hegemony and commitment they have built up these past few years. If selection is based on talent alone, and nationalism is kept out of it, then England should provide a record total of players for the British Lions party to tour New Zealand this summer.

The French at Twickenham this afternoon are one of the two serious threats to England even though they have lost the past five games against England. Pierre Berbizier, the French coach, talks about this game as one in which the quality of France's play is more important than the outcome. The French are anxious to forget the bad-tempered games against England in the World Cup in 1991 and the championship last February. Two Frenchmen were sent off during this latter game and later suffered a large measure of humbug and sanctimoniousness came from English officials.

The French are not saints. They have a tendency to kick, which to the British smacks of cowardice because the victim is defenceless on the ground. But England are not angels either and Kinnock is not the only person who believes that the English forwards know how to antagonise their rivals and have exploited this dubious tactic to their advantage in the past.

The new-look French team includes Jean-Francois Tordo, a flanker at hooker, which seems a dangerous, though typically French, idea. Furthermore, the French dislike Twickenham. They call it *le cathedral* and speak of it as one might of a haunted building, as if shivers are running down their spines as they do so.

"France on the right day might do it if everything goes their way," said Bob Dwyer, coach of the world champions, Australia. "On such a day France have the game to win though they have not developed much these past few years. But as long as England are right, I can't see them losing."

It will be no picnic for England against Wales at Cardiff where they lost, surprisingly, in 1989. Wales are moving ahead slowly. They need regular doses of dirty realism to puncture the sort of misguided optimism that burst out after they had beaten Ireland last season.

It was hardly a convincing win – by one point and Tony Copsey was lucky not to be sent off for landing a punch on Neil Francis that would have done credit to Frank Bruno, if that is not being unfair to Copsey. It is true that it was Wales's first championship win since 1989 but it hardly justified the excitement that surrounded it. At the end of the game former internationals such as Brian Price, J J Williams, Barry John were cock-a-hoop. I heard one of them say: "It's the triple crown now."

Alan Davies and Bob Norster, as coach and manager respectively, have brought some realism to the national team. Their off-the-field organisation is almost as good as that of England and one cannot say fairer than that. The problem that Wales have is they do not have enough good players in the front and second rows nor do they have a stand-off. Most of all, they need an on-the-field general in the way Dawes was when he captained Wales in the seventies.

"If Wales are not psyched out in Cardiff" said Kinnock. "If they get the share of line-out ball that they got against Australia and if they can make an tactical change ten minutes into the second half if things are not going their way then they can beat England. I know those are a lot of ifs but it can be done."

My prediction is that England will top the table with four victories, France will be second, Wales third, Scotland fourth and Ireland, who scored only three tries last season, will be bottom again. I am seriously tempted to place a tenner of my own on England. The white tornadoes have one more title in them. If they win it for me, I will donate my winnings to a charity – of Kinnock's choosing

Charging to a grand slam: Wade Dooley, the England lock, in full flight against Wales last season

Rugby Union/**John Hopkins**

Lone vote against England

As the five nations battle starts, one backbencher speaks against the majority

Tennis/**John Barrett**

Smooth path for Seles

THE DEFENDING champions and top seeds, Jim Courier and Monica Seles, were treated kindly in yesterday's draw at Flinders Park, Melbourne, for the A$7m (£3.1m) Ford Australian Open which starts there on Monday.

Courier can face no-one ranked higher than 69 en route to the fourth round where his seeded opponent would be the young Spaniard Sergi Bruguera. The remarkable Seles, 19 and already the holder of seven Grand Slam titles, has a quiet quarter with either Gabriela Sabatini or Jana Novotna cast as her likely semi-final opponent. Fortunately for Seles the lively Spaniard, Arantxa Sanchez-Vicario, who beat her last year in Montreal, is in the lower half. So is another 1992 conqueror, the teenage Olympic champion, Jennifer Capriati of the US. These two will form the chief challenge to the No 2 seed Steffi Graf who no longer seems troubled by the ankle injury which hampered her last week when she and Michael Stich won the Hopman Cup for Germany for the first time.

It is impossible to look beyond Seles as the likely champion. She has lost only once in a Grand Slam final during the past two years – to Graf at last year's Wimbledon where her attempt to stifle the natural grunt she emits whenever she strikes the ball ruined any chance she might have had of beating an in-form opponent. Already the double-handed world champion has issued a plea for understanding about this vexed question.

"I said after Wimbledon that if I do grunt, great; if I don't grunt, great ... I just can't stand everybody talking about it ... it took so much away from my game, so I don't want to make an issue of it."

Martina Navratilova (ranked 5) is the only woman among the top 30 who is missing. At 36 one can understand Martina's desire to harbour her reserves for a determined attack on a 10th Wimbledon title.

The most remarkable woman in Melbourne is not a player – at least, no longer a player. The former Bulgarian champion, Julia Maleeva (nee Berberian), is the mother of the three sisters Manuela, Katerina and Magdalena. All are seeded. This is a record. We should strike a medal in Julia's honour.

No medals are due to the British women. Only American-born Monique Javer has bothered to challenge. A sad reminder of Britain's lowly place in the tennis firmament.

The men's singles looks ominously strong with only Andre Agassi missing from the top 10. The enigmatic American has never played at the Australian Open and was a last-minute defector with a bronchial infection.

If, as he should, Courier reaches the quarter-finals, he might find either the gifted Czech left-hander, Petr Korda, or the tall Dutchman, Richard Krajicek, as his opponent. Korda is one of the most exciting of the newcomers with hints of Rod Laver about his game, but Krajicek, who was prevented by injury from playing his semi-final last year, is going through a slump. In the semi-finals, Courier should play Boris Becker or Michael Chang.

Courier has not won a tournament since successfully defending his French Open title in June. An early loss would probably cost him the world No 1 ranking, either to his old friend and rival from their days at the Nick Bollettieri Academy, Pete Sampras, seeded No 3, or to Stefan Edberg, the No 2 seed.

It is a subject Courier does not like to dwell on. "As long as I am comfortable with the way I am playing, the ranking will take care of itself. It took a while to absorb all the pressures but I don't put extra pressure on myself by thinking too much about it" he says.

He has certainly looked comfortable enough in Adelaide this week in the Rio Slazenger Challenge, an eight man special event which he won last year. This sort of pressure-free match play on the same Rebound Ace surface and with the same balls provides excellent practice for Melbourne.

Edberg, is also in Adelaide with his wife Annette and his British coach Tony Pickard, but not yet completely free of the cold he picked up in Qatar last week where he lost in the semi-finals to Becker. Pickard said he was content with Stefan's draw which suggests a quarter-final against Ivan Lendl, recovered at last from a groin injury, or Wayne Ferreira of South Africa, a semi-finalist last year. Either Sampras or Goran Ivanisevic, the fifth seed, should be lying in wait in the semi-finals.

Becker's prospective fourth round match against fellow German Stich is a tantalising prospect for it was a loss to Stich in Hamburg last year that prompted Becker to seek help from Gunther Bresnick to improve his fitness. Anyone who saw Becker's superb form in winning the ATP Tour Championship last November will know just how successful their work together has been. Both Becker and Stich crave recognition as the leading player in Germany so every meeting between them has a special significance. The lone British man in the draw is Wimbledon hero Jeremy Bates. He plays Heath Denman, a 22-year-old wild card from Queensland.

Skiing/**Doug Sager**

Into the future on the cutting edge

WILL YOU still be skiing in the year 2010? We are all getting older, but demographic research indicates that by the first decade of the 21st century the *majority* of the skiing population will be "over the hill".

Statistics compiled by the United Ski Industries Association indicate that while most skiers are currently between 25 and 34, by 2010 the largest group will be veterans between 45 and 55. No one knows whether the hordes of young snowboarders will make the transition to two skis, or give up winter sports altogether.

These veteran skiers will be fitter, and better off financially. Furthermore, the end of the cold war will allow winter resort development to spread to huge areas previously untracked. Already, helicopter skiing in former Soviet republics is drawing rave reviews.

Even so, growth in the ski industry is predicted to continue at its current glacial pace. Global warming, recession and even the ecological backlash have all helped slow the schuss which began in the 1960s, when the masses were introduced to package skiing.

In the past few years ski and boot manufacturers have suffered enormous losses. Sales of skis in Britain are running at less than half their peak in the 1980s.

The travel market has responded with unheard of bargains and price breakthroughs. Ski the American Dream recently advertised a full week of skiing in California, with non-stop flights and unlimited mileage car, for less than £400.

Skis will continue to evolve in materials and design towards the perfect carved turn, initiated by the skiier simply pressing a foot down flat on to the ski. Bumps and bunions will be eased by foam and silicon injected ski boots as comfortable as carpet slippers.

Skis and boots are already "inter active" in the new Marker Selective Control binding, which can be adjusted for varying snow conditions. Electronic bindings are expected on the market within five years.

Gizmos have always attracted skiers. Gadgets such as the Ortovox electronic "mouse" which allow one to home in on a ski buried in powder snow should not distract attention from the single most important development in skiing, the parity between comfort and performance.

Skiing gear, both hardware and clothing, is becoming so non-intrusive that you hardly knows it is there. Yet the ordinary skier is able to float through deep powder (on the new Atomic wide body skis) or carve rails through sheet ice (on a slalom ski such as the Volkl P10) with more authority and security than an Olympic champion of any previous generation.

Once they have been let loose in thigh high powder snow, skiers are reluctant to return to the piste. Skiing is splitting into fringe disciplines. Surf and telemark are the most visible trends. The future is in adventure skiing: off piste excursions, ski safaris, snowcat and helicopter skiing.

Good skiers are abandoning groomed and crowded pistes for transalpine ski safaris, which offer more varied and extensive skiing in a week than many resort skiers experience in a lifetime. Wilderness skiing by snowcat or helicopter allows the committed skier, for whom time is more scarce than money, into the kind of untracked, heady snow which is available in resorts only once or twice a season.

Ecological awareness has encouraged more skiers to invade the wilderness, seeking the "natural" experience of snow structures untouched by piste machines and far from the irritating crowds. But it has also brought moves to curtail unrestricted off piste skiing in the Alps. The future for such "free" skiing is in Canada, where authorities still welcome development of resorts and helicopter operations, and in previously unexploited terrain from Kashmir to the Caucauses.

Motoring

A Jeep off the old block

*Four-wheel drives are now also kings of the road, says **Stuart Marshall***

THE MYTH is that four-wheel drives are bought to be driven over trackless country into the wild blue yonder. The reality is that most of them – in the civilised west, at any rate – are used on hard roads, just like normal cars.

All of which makes the future look bright for the Jeep Cherokee estate cars, newly arrived in Britain with right-hand steering, because they are more car-like to drive than any rival. The Cherokee also makes most of its rivals look rather expensive. Prices start at £15,345 for a 2.5 litre, four-cylinder, 122 horsepower Cherokee Sport with a five-speed gearbox, and rise to £20,995 for the leather-seated and wood veneer-trimmed Cherokee Limited SE.

This Jeep flagship has a four-litre, six-cylinder, 184 horsepower engine, automatic transmission, air conditioning, ABS brakes, power-adjusted front seats and heated door mirrors – to name only the most important of its goodies.

After more than 600 miles (1,000 km) of on-road – mainly motorway – driving in several six-cylinder, two-pedal Cherokees, I do not think any recreational 4x4 can match it for a combination of performance and value.

This four-door plus tailgate estate takes four adults in considerable comfort, five without too much squeezing. The large, internally-stowed spare wheel makes luggage space adequate, rather than generous.

The Cherokee is nimble in traffic and as parkable as a family car because it has light, power-assisted steering and a commanding range of vision. It rides more like a family car than any of its on-off road rivals. Winding roads do not make it wriggle or roll and one feels very little thump from its big tyres. The beefy engine and smooth-shifting automatic take a Cherokee from 0-60 mph (0-96 kph) in 9.5 seconds, outpacing any on-off road 4x4, the £38,393 Range Rover LSE included. A top speed of 112 mph (180 kph) is claimed.

High gearing (under 2,400 rpm at 70 mph/112 kph) makes the Cherokee a relaxed motorway cruiser. The transmission kicks down smoothly and eagerly for quick, safe overtaking. Engine, transmission and tyre noise are subdued; the main disturbance to radio listening on a motorway is wind roar. The plastic storage boxes between the seats and in the fascia need a lining to stop things put in them from rattling around.

On the road, you can choose between rear-wheel or four-wheel drive at any speed. On a fast, 300 mile (483 km) drive in wet weather, I tried both. All-wheel drive on the return journey made the Cherokee feel even more sure-footed but it was no noisier and fuel consumption (19 mpg or 14.86 l/100 km) was unchanged. The four-litre Cherokee will pull a 2,500 kg trailer.

Also in the UK's Chrysler Jeep dealerships this week are the first of a range of Wranglers. These have their roots in the Jeeps of world war two. They still have leaf springs all round, but power steering, a good heater and a hardtop with wind-up windows make them infinitely more civilised.

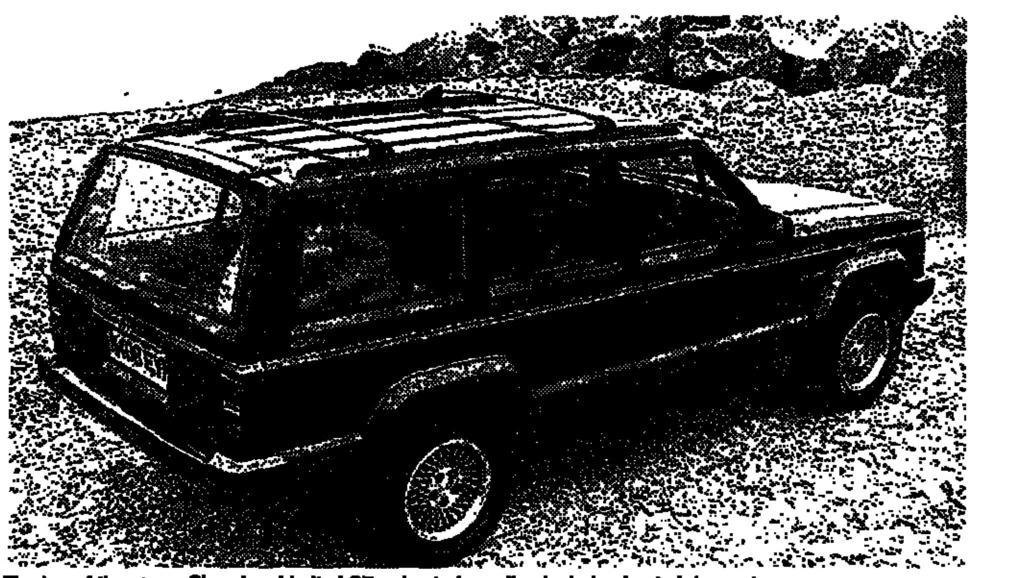
Last summer, I spent two days bumping and banging seemingly unbreakable and unstoppable Wranglers over the sun-baked rocks of the Rubicon Trail in California. More recently, I found they went just as well in good old English mud.

But even rugged Wranglers are more likely to be seen on British roads than slithering up and down hillsides or plunging into wader-deep water. Young drivers, dismayed by the cost of insuring hot hatchbacks, have been turning to what they perceive as sporty four-wheel drives.

I could live happily with a Cherokee as a road car, though I would find a Wrangler too much of a hair shirt. But Chrysler Jeep UK believes the Wrangler (from £12,495 with a 2.5 litre engine and five-speed gearbox) will give Suzuki's Samurai and Vitara and the Daihatsu Sportrak a run for their money.

Is Cherokee a challenger to Britain's Range Rover and Land Rover Discovery? The Range Rover I doubt, though its low price and lavish specification could seduce some Discovery buyers. Most of these, however, now choose the turbo-diesel, not the thirsty petrol V8 which is the only one with automatic transmission. The arrival of right-hand drive Jeeps will make Britain's recession-resistant 4x4 market expand further.

Next year, the bigger, V8-engined Jeep Grand Cherokee will meet Range Rover head on. Also coming are diesel Cherokees, powered by an improved version of the Italian VM engine used until recently in Range Rovers. Before then, a 4x4 estate car jointly produced by Ford and Nissan in Spain will also have gone on sale in Britain.



The top of the range Cherokee Limited SE: a host of goodies includes heated door mirrors

BOOKS

Issues of sex and power

***Zara Steiner** on the pros and cons of this feminist biography of Eleanor Roosevelt*

THIS biography of Eleanor Roosevelt would not have appeared 20 years ago. This is not just a question of new documentary sources or even the current préoccupation with the childhood traumas and sexual activities of our political leaders, male or female. The new feminist biographers, and Blanche Cook is one, insist that the issues of sex and power are as central to the study of women's public roles as men's and that women's passions can provide the key to their influence and importance.

Rather than the dutiful wife of an American president sublimating her interests and passions, ER, as she is called throughout this account, is portrayed as an assertive and independent woman who created her own feminist agenda. Cook's biography is all the more provocative because in her own memoirs ER deliberately obscured the historical record, minimising her political ambitions and revealing almost nothing about her intimate private life. Her closest friends remained silent and, for the most part, concealed or destroyed the letters that would have opened Pandora's Box.

ELEANOR ROOSEVELT: VOLUME ONE 1884-1933
by Blanche Wiesen Cook
Bloomsbury £25, 587 pages

In this first volume of two, Professor Cook dwells on ER's complex inheritance, the alcoholic but adored father and the beautiful if shallow mother who died when Eleanor was eight. Eleanor's first moment of self discovery occurred at Allenswood School in London's Wimbledon, where the Strachey girls and other daughters of the enlightened, wealthy Anglo-American élite received a disciplined but liberating education. In this heady emotional and intellectual atmosphere the orphaned ER flowered, gaining the inner self-confidence and broader range of sympathies so important to her later development.

The debutante, secret fiancée and then wife of Franklyn Roosevelt returned to New York to live the conventional life of her sex and class, distinguished only by a difficult relationship with her domineering mother-in-law, in whose house she and Franklyn lived, and by the sense of entrapment and depression that came to engulf the young mother of six. It was Franklyn's turn to politics and, above all, the shock of discovering his love affairs that opened ER's inner gates.

Franklyn's flirtations and his almost exclusively masculine political life encouraged Eleanor to become active in the "new women's" political groups of the 1920s. Here she made her first feminist friends, including the political activists, Nancy Cook and Marion Dickerman, a lesbian couple who later lived in a cottage on the Roosevelt estate and with whom ER enjoyed an intimate personal and professional relationship for over 15 years. As her husband climbed the political ladder, ER embarked on her own career in politics, journalism for women's magazines, and part-time teaching at a girls school bought and run by Eleanor and her friends.

Cook is particularly acute on the kind of bondage created by financial dependence, whether between mother and son or husband and wife, and its effects on the Roosevelt marriage and ER's quest for independence. She catches the tensions created by Eleanor's double life during the early stages of her husband's struggles with polio and the growing gap between ER's mother-wife and politician-teacher roles.

The personal compromises and the totally unliberated treatment of her own daughter suggest how incomplete was ER's emergence from the conventions of the times, despite her strong female friendships and an independent power position in an anti-feminist Democratic Party.

There is more in this volume about ER's emotional involvements than about her political activities though Professor Cook sees them as equal parts of the same story. These include not only Eleanor's close friendship with Nancy Cook and others but also her relationship with Earl Miller, the handsome, young bodyguard who became her companion, defender and champion.

The volume ends with the Roosevelts' move into the White House and the start of what is described here as Eleanor's lesbian affair with Lorena Hicks, the Associated Press's senior woman reporter. With so much of the evidence missing and final conclusions always a question of judgment, Cook follows up every lead and includes every detail.

If only she had used a more delicate brush when filling in the political background and selected a wider range of colours when dealing with her male politicians, we might have been spared some of the all too numerous illustrations of FDR's shallow and opportunistic political convictions: Professor Cook's claim that men enter politics for personal fulfilment while women try to get things done is, even in terms of ER's odyssey, open to question. A good feminist biography does not need to fight the war of the sexes.

Commercial reasons apart, the decision to conclude the volume in 1933 raises questions about the feminist approach to historical biography. In the not-so-distant past, when little was known about the intimacies discussed here, it was ER's outspoken political views and public causes that made her an exceptional presidential wife and the focus of interest and intense debate. Is it a hopelessly outdated suggestion to say that the sexual life of any statesman or stateswoman is only of historical interest because of what they did or accomplished?

If this first volume, written from a feminist perspective, brilliantly casts its subject in a radically different light, the next must locate her in a broader context involving issues that go far beyond those of power and pleasure. It still remains to be seen where ER should stand in the pantheon of feminist heroines. The focus on who she was and how she lived makes sense only because of Eleanor's subsequent political and humanitarian contributions.

If Cook finds the right balance between ER's private and public worlds, she will not just have created a stir at a time when Hillary Clinton comes to Washington but will have significantly advanced the cause of feminist biography. As someone who regularly read Eleanor Roosevelt's syndicated *My Day* column, I found this a fascinating and revealing, if disturbing, book. I wait to read the next volume.

Game, set, match to the mandarins

THIS is a very remarkable book, not only for its contents but also on account of its structure. It is very long – 621 pages dealing with the 22 months that it took Lord McCartney to take his diplomatic mission to China and back. He hoped to establish an embassy at the Celestial Court. He failed utterly, so 600 pages may seem a very generous amount of space and the method adopted by Peyrefitte may seem leisurely indeed.

The art of Peyrefitte lies in his use of chapters. Chapter I begins with McCartney's departure from Portsmouth on September 26 1792; 80 chapters later, on September 6 1794, McCartney drops his anchor in Portsmouth, his mission completed. Each day of McCartney's journey is covered; no chapter is less than three pages and none more than nine. This could have led to tedious monotony but Peyrefitte at times allows himself to cover considerable periods in short chapters – the outward and inward journeys, for instance, mentioning only incidents such as stopping at St Helena on the way back.

However, he uses these repetitive days of sailing very neatly: on the journey from Madeira to the Cape Verde Islands, for example, he sketches the political and social climate in which McCartney had pursued his career and, in the next chapter, as they skim along before the trade winds, the outlines of his biography are covered and the structure of his character delineated.

Once China is reached the chronological *tempo* is diminished: chapters cover a few days, some only one. And here the longueurs are again avoided by discussions of Chinese food, buildings, dress, agriculture, women's feet, pederasty among the Mandarins, etc. The history and geography of China in general, and of the Manchu world in particular, are conveyed with remarkable economy and clarity and, when the long journey is completed, not only is the enormity of the disaster revealed but so is its inevitability.

During the journey Peyrefitte weaves a vivid tapestry. He brings alive the Chinese countryside, the harshness and monotony of the landscape of the north, and the vivid subtropical South with its richness of colour and abundance of produce. He brings home to us the vast size of the Chinese Empire with its teeming peasantry and multitudinous craftsmen and merchants, outpopulating Europe, including Russia.

THE COLLISION OF TWO CIVILISATIONS: THE BRITISH EXPEDITION TO CHINA 1792-4
by Alain Peyrefitte
HarperCollins £20, 621 pages

For four thousand years, in spite of civil wars, the infiltration of Buddhism and thousands of peasant uprisings, the institutions of government had strengthened, not weakened. Furthermore, China had enjoyed a considerable technological advantage over the world beyond its bounds, especially in hydraulics. Peyrefitte makes us see how reasonable was the mandarins' and emperors' monumental conceit and why they regarded McCartney's eruption into their world as an unseemly irritant to be got rid of, with courtesy but minimal cordiality, as soon as possible.

As chapter follows chapter the characters – McCartney, his deputy Staunton and his scientists and artists – become rounded personalities. Peyrefitte understands their bafflement, at times their wonder, but, more importantly, he stresses as day follows day the growth of a more critical attitude towards the Chinese and their society, with the filth, the disease, the absurd dependence on necromancy, the attitude to women. For McCartney their utter failure to show the slightest interest in the Western technological marvels which he had brought the emperor as presents completed his disillusion. Voltaire's image of China (based on self-flattering reports from Jesuit missionaries) as a well-ordered state created by philosophers – stable, rich, with outstanding technical skill and effortless wisdom – vanished.

McCartney now realised that the Chinese empire would never change, except through force. As Peyrefitte so wisely points out, even force and decades of Maoist communism have been unable to break down these cultural attitudes that have been building up like a coral reef for 4000 years. Hatred and fear of foreigners, the rock-like belief that the Chinese way is always the best, and best interpreted by aged men, still persist. Chris Patten should read this book.

Although most of what Peyrefitte writes about is based on the work of scholars, he has discovered two new sources of the highest value which he uses with skill: one, the annotations made by the emperor himself in scarlet ink on edicts and documents relating to the embassy, and the other an astonishing, clear-eyed, perceptive diary of young Thomas Staunton, a boy of 12, the only Englishman on McCartney's staff to speak, write and read Chinese. By the time he returned home at 14 he had come to the right conclusion – that it would take war to break open China; he spent his life promoting it.

This is a wonderful book, a work of very high intelligence and remarkable clarity, suffused with wisdom and a deep sense of the problems of human existence and cultures. It is a very great achievement and the small chapters make it easy to devour.

J.H. Plumb

Prophet or misogynist?

***Jackie Wullschlager** considers Lawrence's sexuality*

ON Lawrence in love, there are two stories. In the first Lawrence the hero was a sexual prophet who understood women and whose novels – especially after the *Lady Chatterley* obscenity trial – hastened the sexual revolution of the 1960s. About 20 years ago, this character began to be challenged by Lawrence the villain, a puritanical misogynist who wrote about women's sexuality to compensate for his inability in life to relate to them, and whose books still encourage patriarchal oppression.

This new account of Lawrence's lovers and friends extends the debate. Elaine Feinstein is perceptive and sympathetic, though offering neither a scholarly nor a radically new approach. But the old anecdotes are told with verve and pace; by condensing so many tales of friendships broken, romance ruined by fear, Feinstein draws a compelling portrait of a man whose defensive dogmatism wrecked his and other lives.

Creativity and sexuality are threaded together in Lawrence as in no other writer, so the story of his women is at once the story of his life and the mainspring of his work. A sickly mother's boy who loathed his coal miner father – "now we are going to be very happy while Father is away," he announced when his father had an accident – Lawrence was a hit with the opposite sex from the start.

In his teens, he began the turbulent but chaste friendships with women which lasted through life. He shared his literary hopes with Jessie Chambers, who launched him into print by sending his work to Ford Madox Hueffer's *English Review* and waited years for him to become her lover. But he was too deeply in thrall to his mother, and their brief, fumbling affair was an intense disappointment. Their story is Paul and Miriam's in *Sons and Lovers*, which Jessie called "a fearful treachery."

Lawrence was unrepentant: "If I need any woman for my fictional purpose, I shall use her. Why should I let any woman come between me and the flowering of my genius?" The pattern recurred, most famously later in his career in the satire on Ottoline Morell as the pathetic bohemian hostess Hermione in *Women in Love*, written while Ottoline was keeping Lawrence in funds.

LAWRENCE'S WOMEN: THE INTIMATE LIFE OF D.H. LAWRENCE
by Elaine Feinstein
Harper Collins £18.00, 275 pages

In 1912, the neurotic inexperienced writer met the older, worldly woman who could replace his mother: Frieda Weekley, the bored wife of a Nottingham University professor, was a German aristocrat, daughter of Baron von Richthofen, and a disciple of Freud. She repaid her husband for a disastrous wedding night – she perched naked on top of a wardrobe and he coldly ordered her to come down and get dressed – by a string of affairs: her elopement with Lawrence to Germany, and their subsequent wandering across Europe and America, is one of the great literary love stories of our century.

John Worthern, in his superb biography *D.H. Lawrence: the Early Years* (1991), argued that Frieda's influence led Lawrence to see women's liberation in overwhelmingly sexual terms when the mass of women, like Jessie Chambers, felt as oppressed by class and lack of education as by sexual convention.

Feinstein, by contrast, charts his work as the response to Frieda's voracious demands and his own sexual terror. It surfaces desperately in the poems ("Why were we crucified into sex?") and in *The Plumed Serpent*, which prescribed female passivity and denied satisfaction as a moral duty. It is also the undercurrent of *Women in Love*, about "the difficulty in finding salvation through sexual love", and *Lady Chatterley*, written when Lawrence, like Sir Clifford, was impotent and his wife was betraying him with a younger, wilder man.

Feinstein is excellent on Lawrence's mask of cruelty to cover weakness – denying his own TB, he called the tubercular Katherine Mansfield a reptile "stewing in consumption" whom he hoped would die. Bertrand Russell, receiving a viperish letter which accused him of "repressed mental blood lust", decided Lawrence "led straight to Auschwitz". Lawrence's refusal to face his own repressions created psychologically dishonest characterisations, such as Birkin, the self-portrait in *Women in Love*.

Feinstein is not the last word on the fiction or on the life, but her jigsaw of the paradoxes make between them an account which no Lawrence lover, or hater, would wish to miss.

The sinister side of a jolly uncle

IT IS difficult to think of any modern English writer who was less *The Invisible Man* – invisible either in print or in person – than H.G. Wells. Wells embodied the idea of the writer as a public figure, the writer as a source of wisdom sought out by society to pronounce judgment on any issue of the moment, from the modern girl to modern warfare.

If Wells were alive today we would be sick of the sight of him, constantly bobbing up on television and telling us in his pipsqueak voice what ought to be done about the ozone layer, AIDS, disarmament talks, the inroads made by artificial intelligence, John Charmley's view of Churchill, and so on. He would seem like Patrick Moore, Anthony Burgess, Tony Benn, Alan Clark and Melvyn Bragg rolled into one.

But apart from being a pundit he was also a marvellous comic novelist in the direct line of descent from Dickens – *Kipps*, for instance, is still a joy to read and earns its rightful place in Oxford's World's Classics series. *Anne Veronica* is another fine novel and a landmark of feminism. This is the important side of Wells, the side that is still alive and kicking, Wells the literary artist, the aspect of him that this book woefully neglects.

Michael Coren would no doubt justify using that early SF title against its author for his partial view of Wells by telling us that the whole point of his book is that, behind the legendary public man we know, there is a sinister, concealed Wells that needs to be exposed. The young Wells who delighted the Edwardian reading public with his scientific fantasies also wrote *Anticipations* (1901), a think-book outlining his sense of the collapse of the established order and his concept of a new Utopia to replace it: he advocated genetic engineering, the suppression of inferior races, black, yellow and Jewish.

This proto-fascist attitude cannot be dismissed as a mere youthful aberration. Wells's racism and his view that the world should be run by an élite of samurai persisted and crops up, as Coren documents, in later works; some are now totally forgotten, but others like *Tono Bungay* and *The New Machiavelli* are still read. It was only at the end that Wells gave up all hope for the world in that final book, *Mind at the End of its Tether*, published in 1945 when he was a sick and dying man.

In making his case Coren is obliged to take down some pretty dusty Wells tomes from the shelves and, even if he did not have to cut their pages, he must be one of a rather small group troubling to read them today. Still, Wells put his name to these programmes of ethnic cleansing and he published them. They were read, reviewed and made their contribution to the climate of opinion. There is no gainsaying them and Coren is perfectly right to draw attention to them.

Even at the height of his fame the image of Wells as a jolly uncle at a family Christmas party was not accepted wholly uncritically. Rebecca West, in a famous essay she wrote after her great affair with him was over, had serious reservations about his work: "All our youth [she wrote] they hung about the houses of our minds like Uncles, the Big Four [Bennett, Shaw, Galsworthy and Wells] ... They had the generosity, the charm, the loquacity of visiting uncles. Uncle Wells arrived always a little out of breath with his arms full of parcels, sometimes rather carelessly tied, but always bursting with attractive gifts that ranged from the little pot of sweet jelly that is *Mr Polly*, to the complete meccano set for the mind that is in *The First Men in the Moon*". After more in this vein she put the boot in and cruelly parodied him: "... his prose suddenly loses its firmness and begins to shake like blancmange. 'It was then that I met Queenie. She was a soft white slip of a being, with very still dark eyes ... Oh, my dear, she said, my dear ... darn your socks ... squaw'. But take him all in all, Uncle Wells was as magnificent an uncle as one could hope to have."

THE INVISIBLE MAN: THE LIFE AND LIBERTIES OF H.G. WELLS;
by Michael Coren
Bloomsbury £20, 240 pages

Wells was livid. "The thing" he wrote in a private letter to her, "is a lie and a damned stupid one. You can go through all my books and list the woman characters, not a bad lot from Aunt Pondervo to Joan and from Ann Pornick to the *Meanwhile* women – and you can't find three pages to justify this spiteful rubbish". What hurt especially was the crack about "darning his socks ... squaw". It was the role played by Wells's wife Jane who condoned his numerous affairs. In spite of her husband's ceaseless pursuit of younger women, Jane remained firmly married to Wells until she died suddenly from cancer in 1927.

Coren gives yet another account of Rebecca's affair with Wells. We have already been through it several times in earlier biographies and viewed it from the points of view of all the principal players – including that of Anthony West, the fruit of the affair. Coren has had access to the Wells papers in the University of Urbana, Illinois and he interviewed Anthony West before he died. Coren's chapter, "A Woman of Some Importance", is the best researched part of his book. Here are the main events of the affair from the standpoint of a detached observer.

Indeed, Coren has written a punchy stimulating book, if over-selective in its treatment of the vast material. He deals much more more briskly with most of the other mistresses, dispatching Moura Budberg – whom Wells said was one of the few women he really loved – in half a sentence. Nor does Coren seem to realise quite what a feat it was for this son of a housekeeper and a professional cricketer to gatecrash an Edwardian literary world run by the darlings of the country house set like Harry Cust, another great Don Juan of the time. He appears here as Harry "Crust" – a misprint but rather an apt name for him.

Coren seems unaware too that Wells was in New York in 1941 lecturing at the behest of the British Ministry of Information. The lectures were a flop. Maugham, who heard them, commented on his old friend: "he has always been too busy to be much of a philosopher". Coren's book makes the same point at rather greater length.

Anthony Curtis

A neurotic soul goes on holiday

BREWSTER North, the angst-ridden narrator of Spalding Gray's memorable first novel, suffers from a dire complaint – he just can't enjoy his holidays. The moment he arrives in India or Las Vegas or Amsterdam, he finds himself wondering if some other destination might not be more suited for his psychic well-being. To make matters worse, he has serious doubts about whether or not he has enough of a life to leave behind. As a result, he is forever undertaking arduous journeys that somehow land him, unfulfilled, on his own darkened doorstep.

Gray is best known for his remarkable film *Swimming to Cambodia*, a monologue account of his quest for a "perfect moment" in Thailand. *Impossible Vacation* presents a similar pilgrimage. It opens with young North visiting the beach with his disturbed mother, who soon travels to that great Butlins in the sky via a fume-filled garage. All is idyllic until an uncle returns from the South Pacific, filling boy Brewster's head with postcards of paradise that haunt him for the rest of his life.

Thus begins his tortured progress from experimental theatre in New York to experimental sex in Amsterdam, from an ashram in Poona to a prison in Las Vegas. It is only when he descends into the Grand Canyon that Brewster is able to achieve some sort of peace, to pass through the Nothing to Declare chute of his own soul.

Gray's book is funny, full of insight and often quite bold, especially in its sexual sequences, which include Brewster's ill-starred career as a porno film actor and his affair with a woman with a penchant for pig masks. Spanning the 1950s to the present, it provides a consistently ironic view of a generation's failed attempt to track down paradise. But, as anyone familiar with Gray's work will know, what really distinguishes the book is its voice – mordant, obsessive, working overtime. It is the voice of neurotic America, of the soul that arrives in Eden only to wonder what's the next stop on the itinerary.

IMPOSSIBLE VACATION
by Spalding Gray
Picador £14.99, 228 pages

BROKEN VESSELS
by Andre Dubus
Picador £15.99, 195 pages

Another distinctly American voice can be found in *Broken Vessels*, a collection of non-fiction by one of that country's most under-rated short story writers. Like his fellow realists Carver, Ford and Wolff, Andre Dubus is a grunt in the army of American literature, working his way slowly yet relentlessly through the battlefield debris of his nation's daily life. His non-fiction bears the same virtues as his stories – resolute honesty, detailed perception, effortless prose.

The book's first essays are the most accomplished, particularly "Under the Lights", which depicts Dubus's boyhood job of chasing foul balls for his local, woebegone baseball team. There is also a memorable account of a cross-country train ride, as well as a shocking brush with America's constipated legal system. These essays are followed by examinations of the pitfalls of a career as a short story writer, the book's weakest section, that should appeal mostly to fellow authors.

The last group of essays deals with what is no doubt the meat of the book – the horrific injuries Dubus suffered in a 1986 car crash, leaving him confined to a wheelchair. Dubus writes about his plight with unblinking honesty, whether it be the effect of his paralysis on his young marriage or the terror of watching helplessly as his one- year-old daughter severs her finger. The ex-Marine even finds it hard to stand up to a lout in a theatre, not out of fear but rather because "if you confront a man from a wheelchair you're bullying him. Only a coward would hit a man in a chair." Fiction writers such as Dubus are often judged by their ability to cast a cold eye on imagined tragedy. It is a testimony to Dubus's skill and integrity that he is able to bring this dispassionate vision to bear on a very real, very personal crisis.

Stephen Amidon

Marlene, the mistress of divine scorn

***Nigel Andrews** considers Dietrich and the true condition of stardom*

THE DAUGHTERS are massing on the skyline. The come-lately biographers are gathering on the tree-branches. And the publishing industry is racing about the land signing up memories.

Death in show business is a grim spectacle. No sooner has a deceased legend completed his or her lying-in than the body is taken out to the vultures. Is there anything new to be said about Dietrich? Oh, yes. Lots and lots, according to these two books. There she is, the goddess with the smoky voice and hooded eyes, peering out from the two interchangeable black bookjackets with an interchangeable Mona Lisa smile, daring portraitists to penetrate that enigma called a face.

Maria Riva, Dietrich's daughter, offers a family perspective on the legend. What was it like sharing a house with Mum, Dad, Josef Von Sternberg, Mercedes De Acosta (lesbian lover), Erich Maria Remarque, a dog, a maid and anyone else who happened to be passing by with suggestions as to make-up, love life or career direction. Steven Bach, a former United Artists executive and author of the *Heaven's Gate* hatchet job, *Final Cut*, goes for the movie angle. Onward we trawl through *Morocco*, *Shanghai Express* and *Touch of Evil*, seeking the constant Dietrich in the changing movie character.

But of course the movie character never did change. Dietrich was as immovable as a Caryatid through her seven great Von Sternberg films. (Not all were great individually, but taken whole the septet was a mythopoeic masterpiece). She did let the odd hair down in *Destry Rides Again* – fourth hair from the left, if I recall – and she let a whole wig down as the cockney-impersonating murderess in *Witness for the Prosecution*. But it was the same Dietrich, whether hieratic or histrionic. She made film acting seem easy because she never did any.

Yet she obsesses the entire world. In neither book do we quite find why, though Bach's 600 well-researched pages are written with wit and vivacity. He tunes in to Dietrich's camp charm and the absurdist cul-de-sacs of her (best) movie plots. Of *The Scarlet Empress*: "There is a war going on. Finland? Doesn't matter. Back to the real battlefield – the bedroom." And he responds to Sternberg the stylist's dazzling line in petrified exoticism. I laughed out loud when I read that Clive Brook came to *Shanghai Express* having just had a face-lift. As if a movie needed *two* main characters with paralysed face-muscles.

Bach enjoys the backstage secrets of the movie business. Dietrich's "tape lifts" (hitching her facial skin up to bestow instant youth); Charles Boyer's sandblown, accident-prone wig in *The Garden of Allah*; Sternberg's command that all the actors speak in the click-clack rhythm of trains in *Shanghai Express*. But he never, we feel, quites knits the minutiae to the macro-picture.

Dietrich became a star by bowing to all these imperatives. But she bowed in a spirit not of obsequiousness but of lordly, luminous passivity. There was a divine scorn in her obedience: a scorn that came out later in Maximilian Schell's spellbinding documentary *Marlene* (Bach has a good passage on its making). When Schell recorded the cranky star in Paris at age 82, she kept calling everything she ever did in movies "quatsch", German slang for tripe. But the disdain she poured on her own legend was, of course, the disdain that made that legend.

MARLENE DIETRICH
by Maria Riva
Bloomsbury £25, 792 pages

MARLENE DIETRICH
by Steven Bach
M HarperCollins £18, 610 pages

If Bach does not join all the dots, Dietrich's daughter Maria Riva scarcely joins any. Her book's most inspired episode – Bach would have made a meal of it – is thrown away. It depicts Dietrich on a farm, helping to deliver a calf while dressed in a peach-satin dressing gown and using for lubricant Elizabeth Arden's Blue Grass Facial Oil. This beats even the high heels kicked into the sand at the end of *Morocco* or the pre-firing-squad lipstick in *Dishonoured*.

Riva does not seem to possess a sense of humour. Elsewhere her book is at once frank and elusive. Flying into the star's orbit like moths around the flame are such exotics as Ernest Hemingway, Fritz Lang, Maurice Chevalier and Mercedes Da Acosta (or, as Clifton Webb dubs her in a quoted letter, Countess Dracula da Acosta). This gaunt vampira (see picture page 147) was Greta Garbo's cast-off Sapphic friend and may or not have become Dietrich's.

Dietrich in 'Stage Fright'

But then may-or-may-nots abound. While Riva regales us with some melodramatic certainties from her own life, including teenage rape by a quasi-protectress foisted on her by Mum, the portrait of Dietrich becomes fogged by the ever more prolix confusion of perhaps-lovers, floating friends and quoted-at-length correspondents. Whenever Riva sharpens focus, it is to be unflattering: from the 49 tormenting takes it took the new German star to enunciate her virtual first word in a Hollywood movie – "Help" – to the final *Sunset Boulevard*-ish melodrama of Dietrich's dying days. "Her once translucent skin is parchment. She exudes an odour of booze and human decay . . . Her snores are ragged, spittle trails from her furrowed lips. Like a foetus she lies, bony hands cradling a sunken cheek . . ."

With daughters like this who needs demonographers? Domestic intimacy being what it is, we learn facts about Dietrich from Riva that we could learn from no-one else. But often they are spiteful, partial facts, conjured not for improved portraiture, one suspects, but for personal exorcism. Bach's book, a more traditional fan-heated tour through the career, gets us closer to Dietrich the diva and to the strength of her lofty, luminous indifference. If "being" not "doing" is the true condition of stardom, Dietrich "was" more radiantly and effortlessly than anyone else in movie history.

Parry, an almost Elgar

HUBERT Parry was almost, but not quite, the Elgar of his day. Elgar acknowledged the kinship. Scholars have spent the years since Parry's death in 1918 trying to explain the shortfall.

Much of Parry's achievement was against the odds. His mother died soon after his birth and a youthful heart condition persistently interrupted his career. His doting marriage conferred some income, but its stability hinged on a frail, hypochondriac wife and insipid aristocratic relations.

Parry was a classic victim of the late-19th century Brahms-Wagner divide. His traditional grounding in harmony and counterpoint often threatened to muzzle his thematic invention. He revered Brahms, but his instincts lay with Bayreuth, whither, with his mentor and champion, the Liszt pupil Edward Dannreuther, he made ritual pilgrimages, like Elgar after him.

An insatiable workaholic, Parry deputised for Grove on the first edition of his pioneering musical dictionary. Succeeding to the directorship of the new Royal College, he later became Professor at Oxford. Open, generous and conscientious, he strove unsuccessfully to resolve the futile Elgar-Stanford feud and was the principle inspiration to young composers of the successor generation.

HUBERT H PARRY: HIS LIFE AND MUSIC
by Jeremy Dibble
Clarendon Press Oxford £45, 570 pages

Tensions were inevitable: between academia and sufficient time for gestation and composition (his output, including chamber, organ music and a dozen volumes of songs, was vast); between symphonic writing, at which he excelled, and the flood of fashionable religious cantatas solicited for larger festivals and choral societies, whose sentiments quickly palled with his Liberal, humanist leanings.

His solution to this, a sort of pantheistic or humanist "ethical" cantata, to a medley of texts by Browning, Bridges or himself, brought mixed success. Had he allowed his Weimar inclinations unashamed rein, like Delius with *A Mass of Life*, he might have caught the spirit of an era. His best efforts, endlessly revised, remain uplifting, if bitty: their blend of rearguard diatonicism and proselytising text can appear bland.

Jeremy Dibble's critical biography – the first for six decades – is as welcome as it is overdue. Parry's family background (he inherited his painter father's estate near Gloucester) and struggle for early recognition while working for Lloyd's of London, are well charted. Elected a member of the Royal Yacht Squadron in 1908, his relaxation involved sailing a 73-foot ketch from Sussex to the coast of Galway, or entertaining friends like Burne-Jones, Balfour and Mrs Pankhurst, whose demonstrations he espoused.

This is an enthusiastic, painstakingly researched book, backed by generous, interspersed musical examples. It discerningly attempts for Parry something akin to what Percy M. Young's *Elgar, O.M.* did for his successor. Some of the wordier analysis preserves a ring of the doctoral thesis. But the judgments are neither dogmatic nor cloying. Parry's correspondence and diaries have been left dormant too long: that Dr. Dibble has restored them and reassessed the music deserves our gratitude.

Roderick Dunnett

Hubert Parry's Complete Symphonies have been recorded on Chandos, CHAD 9120-2

Moved by The Deep Blue Sea

***Malcolm Rutherford** hails the revival of Rattigan's play at the Almeida theatre*

TERENCE Rattigan's *The Deep Blue Sea* struck me as one of the best and most moving English plays I had read when I first came across it as a boy in the 1950s. At school we read John Osborne's *Look Back in Anger* at about the same time. It seemed odd to discover from the Sunday newspapers that Osborne had knocked Rattigan off the stage because there was no place left for a well-made play with good manners. For Rattigan and the young Osborne had at least one thing in common: they were masters of their craft. We were astonished by the fickleness of the London critics.

With hindsight one can see that Rattigan's demotion had more to do with fashion than with his abilities as a writer. His characters were too upper middle class to have their emotions taken seriously. Such reverse snobbery is now, I hope, behind us.

The Deep Blue Sea gets even better with time. There is one particular scene which must bring a lump to the throat of all but the subhuman. It comes early on when Hester Collyer has just tried to commit suicide by the gas fire and is faced with Sir William, the husband from whom she has estranged herself, now a QC. One particular line, too. They talk about the dinner parties they used to give in Eaton Square, and which are still given by Sir William. Hester comes back to her old social self to ask with genuine curiosity and affection: "Is David very pompous now he's Solicitor-General?" How anyone could have thought such dialogue is artificial is beyond me. Here is one of the most poignant scenes you will ever encounter.

Yet although this is the gem, *The Deep Blue Sea* is not a one-scene play. There is pathos, wit, drama and even a touch of suspense all through. If you have never seen it before, ask yourself at the interval how you expect it to end. Probably you will guess right, but not with total confidence.

Hester is a complex part. She prefers physical passion to intellectual detachment and a comfortable social life, but she knows what she has given up in leaving her husband for a young lover and is articulate enough to explain her motives. In Karel Reisz's production at the Almeida, she is played by Penelope Wilton. Whenever she is on stage, which save for one scene is practically all the time, it is impossible to take your eyes off her. Ms Wilton works by having magnificent poise: very still, very determined, none of the nervous twitchings of a Hedda Gabler. She does nothing, even have an occasional spasm, without thinking. I doubt if Peggy Ashcroft, who first played the part in 1952, did it better.

Hester is nothing, however, without a man. She needs the best possible male supporting cast to go with her. In Nicholas Jones as her husband, she gets it. Jones is very tall, very suave, the epitome of the well-dressed, well-educated, well-off, emotionally inarticulate Englishman. Without Jones to play against, Ms Wilton's performance would not be nearly so effective.

The hardest part nowadays is that of Freddie, Hester's lover. Possibly this is where the play dates. He was a crack pilot in the RAF in 1940, a top test pilot just after the war, but clapped out by the time he was 25. The emotional impact of that is no longer what it was. If the play had been written slightly later, Hester might have fallen for a Jimmy Porter. Nevertheless, under Reisz's direction, Linus Roache does all that can be done with the material.

The other outstanding performance is by Wojtek Pszoniak as the East European doctor who has been struck off the medical register, presumably for what was then indecency. The play has a history of being really about Rattigan's own homosexual feelings. Pszoniak eyes Freddie's male friend in a way to bring this out: he also saves Hester.

Yet watch Sandra Voe as Mrs Elton the landlady as well. This very English play has everything: class in all senses of the term.

Almeida Theatre until March 6. (071) 359 4404

Alastair Muir

Penelope Wilton and Linus Roache as Hester and Freddie

Local boy made good

***Alannah Hopkin** enjoys the Irish premiere of Billy Roche's trilogy in his home town, Wexford*

WEXFORD will be associated by many with the annual opera festival, where the conviviality is every bit as memorable as the music. Last weekend an equally friendly but far more informal festival surrounded the Irish premiere of Billy Roche's Wexford Trilogy on the stage of the Theatre Royal before a mainly local audience.

Off season the Wexford welcome is as warm as ever, but there is no disguising the fact that the rambling Victorian seaport has problems. The young wander the streets at dusk, ghetto blasters blaring heavy metal, while a muted carillon rings out the Angelus. "Bet Here!" says a hand-painted sign, while round the corner a chipped metal finger-post reads "Snooker".

I ended up down at The Undertaker's – a bar owned by Eddie Macken's cousin. I was not only in Wexford to see Billy Roche's plays, I was living them out. It was eery.

When it was known that the trilogy was on its way to the Abbey in Dublin, Jerome Hynes, Artistic Director of Wexford's Theatre Royal, saw the potential for a "community-based festival" celebrating Billy Roche's achievement. Wexford Corporation and the Arts Council immediately came up with the necessary subsidy. Hynes will not give any figures, but with tickets at £6 each and only one performance of each play it was presumably a significant amount. The Abbey co-operated with transport. A book launch, a seminar, a civic reception and a brunch were added to the programme and the result was The Billy Roche Weekend.

The irony of Wexford mounting a festival to celebrate work which shows the town in an unflattering light was initially puzzling. The plays were commissioned by the Bush Theatre, and gained six awards on the London Fringe between 1989 and 1992. These productions come from the Bush with an excellent cast of mainly London-based Irish actors. They are playing in Dublin at the Abbey Theatre's small stage, The Peacock, until February 13.

The whole enterprise is representative of the close relationship between London theatre and Irish theatre, with Dublin productions transferring to London, and new plays by Irish playwrights being acclaimed in London before being seen at home.

On Friday the cast had not quite conquered the challenge of playing to a packed 550-seater as opposed to the 90-seater Bush, but there was no mistaking the warmth of the play's reception. Roche reported that Wexford audiences laughed in different places from London audiences; this is not surprising – the repartee is razor-sharp, and the idiolect is pure Wexford. When asked what he found so special about Wexford, Roche replied quite simply, "The way they speak to one another", and as far as his work is concerned he is right.

It was good to see someone being so honoured in his lifetime, but it was also rather bizarre. The event ran the risk of going over the top, and only Roche's modesty and good humour saved it. Good as the trilogy is, at 43 he is only at the start of his career.

In a toe-curling speech at the Civic Reception the County Manager linked the trilogy to job creation and tourist development. Those who saw the plays could have no doubts that they were not written to bolster the self-esteem of the local community; they are as much about the need to leave the place, and the sense of failure and entrapment that small town life can produce. Roche's relationship with his home town is a typical love-hate one. "I wrote in spite of the town, not because of it," he said, remembering that he got no encouragement when he left home to become an actor – "My father thought I'd be making my own dresses next."

Radio/B.A. Young

Controller time

WE USUALLY have the Controllers in their duty phone-ins at this time of the year, though if they have important decisions to disclose this is hardly where we shall hear them. Radio 4 in *Call to Account* last Saturday gave no fresh news of the 24-hour news-coverage, but wise advice on hearing FM. Callers to Radio 3 on Sunday were so relentlessly talkative that the Controller could hardly get a word in. Radio 1's callers, also on Sunday, may have liked as I did the Controller's wisdom on promotion and presentation but mostly what they wanted was less chat and more variety. Radio 2, on Tuesday of last week relied on Brian Hayes, and I missed him. We still have to wait for Radio 5.

It was worth reviving Peter Buckman's dramatisation of Virginia Woolf's *Orlando* (Radio 4, Monday), but how much less exciting the story seems today than we thought in the 1930s. The adventures of Orlando, who lived from the 16th century to the 20th, changing from man to woman halfway through, was derived from the character of Vita Sackville-West. Presenting them by way of a narrator (Vivian Pickles) deprived them of some dramatic power; Jenny Stoller did well in the name part, though detectably a lady throughout. Penny Gold directed. We should now have Edna O'Brien's *Virginia*, about the same great ladies but more sympathetic.

Radio 3's Sunday play was Tom Stoppard's *Undiscovered Country*, adapted from Schnitzler. It opens on the death of a duel victim and ends on the victor of another duel, each quarrel resulting from the infidelity of the same woman, wife of the ultimate winner. Duels and infidelity are small-talk among the wealthy Viennese on holiday in the Dolomites at the start of the century, but the tale, hinging on the concept of honour, is not quite worthy of either Schnitzler or Stoppard, and the dialogue has an oddly everyday flavour. Maureen O'Brien and Ronald Pickup, though, were touching enough as the liberally married pair, under Martin Jenkins's direction.

Woman's Hour is currently allowing Maureen Lipman to chat every day about her life. Anyone who has seen her in *Lost in Yonkers* or answering long-distance telephone-calls in television ads, will know something of Maureen Lipman's peculiar charm; but what is so special about her life? Precisely that it is like the lives of so many of us, and that in "When's It Coming Out?" she recounts it so delightfully. The series ends on the 18th, but you can buy it on a BBC Radio Collection cassette and hear the lot.

I was unfair last week to label Craig Brown's and Myles Kington's new series "unpromising" after hearing only one day's worth of each. Having heard two more of both, I confirm my judgment. Brown's lines for veteran broadcaster "Wallace Arnold" in *Welcome to my Wireless* are quite bare of wit, and Harry Enfield's funny voices add nothing. Kington interviews the famous dead, this week Robinson Crusoe (next, Mona Lisa). The dodge is to ask about the matters they are reputed for and find that they do not want to discuss them. Kington has an amusing manner, but his thrusts are often predictable.

I must also be unfair to Roger Graef's five-strong series, *Living Dangerously*, which began last Sunday. He interviews young criminals, and I can't tell if the next four will be as interesting as the first was. Bobby, its subject, came from a rough, broken family, lived in sundry homes, stole cars, thieved to buy "grass" (he needed about £30 a day), only burgled "rich" houses, carried a knife but never used it. After a course at Sherborne House under the Probation service, he thieves no more, has begun a computer course. It would at least be unfair not to draw attention to such things.

ARTS

National gift for water colours

William Packer admires the exhibition at the Royal Academy

PONT, that conspicuous ornament of pre-War *Punch*, got it just about right in his studies of "The British Character". There she sits, the little old lady confidently at work in the picturesque French town, her easel set up smack between the tramlines in the middle of the street while the awed populace, down to the cat and dog, looks on. Yes, we do pride ourselves as a nation on having, as his caption puts it, "The gift of water colours".

That we should thus fix upon what we also instinctively characterise as a minor form of the art of painting is a nice point. For, if this magnificent exhibition at the Academy does nothing else, it demonstrates for ever the absurdity of the distinction that would make oil on canvas inherently superior to water-colour on paper, simply because it is oil on canvas. We have only to look to Thomas Rowlandson, almost exclusively a water-colourist and draughtsman, to take the proof.

Yet he, one of our most particular and engaging artists, is oddly under-represented here. The question hangs in the air: would he, even now, be taken more seriously had he chosen to work principally in oil on canvas? John Frederick Lewis, the outstanding mid-Victorian water-colourist, whose Orientalist subjects such as "Life in the Harem" and "The Pipe-bearer" were the sensation of the 1850s, was later forced to switch to the more profitable oil, simply to make a living. Clearly the prejudice is nothing new.

'The Pipe-bearer' by John Frederick Lewis: oriental subjects were the sensation of the 1850s

Yet again, going through the show, it remains inescapeable that few of the artists, the greatest among them especially, from Turner, Bonington and Constable to Whistler, were exclusive specialists. The truth is that painting of any kind is an extremely practical business and artists work in whichever medium is most appropriate, or simply available, to their immediate purpose. It may be more lasting and resilient, but oil paint is heavy and canvas cumbersome. The natural portability of water-colour, its flexibility of execution and speed of drying are obvious advantages, the more so in a time when to be a landscape painter was to be a traveller, and the British painter the most inveterate traveller of all.

That water-colour should also be as tricky and testing a medium as any, requiring at any level considerable sophistication of technique, is an irony quite lost in the enthusiasm of the amateur. In particular it requires a commitment and decision that may be as extreme as anything of Zen calligraphy and the formal conventions of the Far Eastern landscape traditions. In the first period and introductory section – under the somewhat stuffy label of *The Structure of Landscape: 18th century Theory* – come Alexander Cozens and William Gilpin with their random blots in practice and their theories of the romantic and picturesque landscape. That they should actually achieve images of forest, lake and mountain so close in spirit to the idealised landscapes of the Chinese masters must have been a matter of intuitive sympathy, for the fact passes unremarked in the accompanying texts.

Throughout there is more than enough of infinite charm to satisfy any more literal and descriptive taste, from the topographical studies of Paul Sandby, to the townscapes of Samuel Prout and Thomas Shotter Boys, to the undergrowth tracery of John Ruskin and the birds' nests of William Hunt. Even so, it is ever that technical engagement that, in its free-est and most abstracted expression, takes the breath away. Turner, greatest of the artists, supplies the thread that pulls the show together through its several thematic sections, but he is also the best known and so not, for once, the star.

Rather it is David Cox on Rhyl Sands, or perhaps Thomas Girtin in the Rue St Denis, or John Middleton in a shady lane, or Linnell and Whistler with their grey seas and sailing boats, or Peter de Wint, or John Sell Cotman: *passim* whichever we are looking at, for its broad, radical simplicity of image, its expressive spread of paint, its swift, comprehending, comprehensive stroke.

And was this truly the golden age? No, but simply the better known and the more critically established. The inclusion of Whistler, with all it implies of what was to follow, begs the question. There is nothing for it but another and no less splendid show.

The Great Age of British Watercolours - 1750-1880: The Royal Academy, Piccadilly W1, until April 12: sponsored by Martini & Rossi Ltd

The Bolshoy exposed

Clement Crisp on the difficulties of dancing at the Albert Hall

WATCHING the Bolshoy Ballet in the Albert Hall is an odd and slightly disorientating experience. There, exposed on a large and unflattering thrust stage, is one of the world's greatest dance companies – or two-thirds of it: this is not the full 250-strong ensemble – straining every muscle to tell us about the physical exhilaration of its way of moving. And there, brightly visible, is the BBC Concert orchestra, playing excellently, and providing an alternative spectacle when – as during the infinitely tedious *Legend of Love* on Friday night – you have to look away from a horde of rhubarbing men dressed like Ali Baba and his forty chums. (Compliments to the two trumpeters who dealt so featly with Arif Melikov's Brummagem score.) And no less obviously there, the packed and encircling ranks of the audience, well illuminated by the light-spill from the stage. "What can they see so far round to the side?" you wonder. Excellent views of head-gear and the zip-fastenings at the back of the costumes, I'd hazard, though Yury Grigorovich has been a pains to spread his dances wide and open them out to as much of the public as possible.

And what do we actually see? As a Bolshoy devotee for four decades, and one who has watched the company in many theatres, I recognise some of the qualities I love with the troupe. Grandeur of scale, certainly, and dedication to the idea of performance – nothing perfunctory, or time-serving in interpretation. On these terms, the suite from *Ivan the Terrible*, which opened Thursday's programme, was the best thing so far, and the one most "like" its original in the theatre. The sweeping crowd of boyars and guards, and the Tsar's full-throttle hysteria, that make the fabric of the piece, were potent, and though Alexander Vetrov and Alla Mikhalchenko could not efface memories of earlier interpreters of Ivan and his beloved Anastasia, the fire of Grigorovich's theatrical vision blazed truly, and in Andrey Uvarov we saw a magnificent Kurbsky – and a magnificent young danseur.

But the irresistible sweep of a performance in the theatre, that marvellous sense in which we can be drawn into a production by Bolshoy unity of style and devotion to the artistic cause of a ballet, is inevitably missing. *The Nutcracker* was a perfunctory batch of divertissements – and under proper conditions Grigorovich's staging is touching and magical – while the *Legend of Love* suite must surely have proved incomprehensible to an audience on dramatic terms. I have always thought it Grigorovich's weakest work – because ethnically quaint about Persia – and at the Albert Hall it looked as if far too many people were impersonating Wilson, Keppel and Betty in their convulsingly sober sand-dance. It also lasted a thousand and one nights. Maybe more.

And as I suggested in earlier comment, the principals' performances are undermined by the lack of a proscenium arch to frame their interpretations, and are dwarfed by the spaces of the hall around them. (Extraordinary to write that about Bolshoy dancers whose artistry in the past has seemed to reach out of the theatre to touch the world.) Yet if the company has not yet shown us talents to rival those of recent seasons – Bessmertnova, Semenyaka, Ananiashvili, Mukhamedov, Posokhov, Fadeyechev – it remains the Bolshoy still, by force of dance presence and by the grand distinction of its manner. But it is also the Bolshoy in the market place, a victim of the need for hard currency, for bigger halls and bigger bucks. And that is bad news.

The Bolshoy Ballet continues at the Albert Hall until 14 February: programming varies nightly

Off the Wall/**Antony Thorncroft**

Time for a stronger Eros

SO ONCE again a damaged Eros has had to be removed from its plinth in Piccadilly Circus, and Westminster City Council seems content to spend at least £30,000 repairing Alfred Gilbert's statue of the god of love in time for another reveller to smash it up. Since the GLC invested £1m in a great refurbishment in the 1980s, Eros has been nothing but trouble.

Yet there is an easy, artistically acceptable, solution. Roger de Grey, president of the nearby Royal Academy, wants to provide a permanent home for the original Eros. He is prepared to pay £40,000 towards a replacement for the Circus.

And the joy of the scheme is that the replacement would not be some latter day copy. Gilbert's original plaster of Eros still exists, in the Victoria & Albert Museum, and Gilbert's original dealers, the Fine Art Society, has the right to make ten casts from the plaster. It has already made eight and sold six of them, for £140,000 each.

There is an Eros in Vermont, another in Pennsylvania, and one has just been sold to Japan. The idea is to make another from the original plaster, but to re-inforce internally the horizontal leg of the statue, the one that sticks out, which is the weak spot and the target for the wreckers.

So Piccadilly Circus will get a stronger Eros, and the RA a world famous exhibit. The FAS would offer a discount to add to the RA's contribution, and Westminster would be well advised spending the money it is lavishing on the repairs on completing the deal.

★

It is much easier to tempt companies into sponsoring the arts if they know that their money is going to be boosted by a contribution from the Business Sponsorship Incentive Scheme, a Government funded honeypot which totals £4.5m a year and is intended to offer matching money to first time sponsors. At the moment the maximum pay out under the BSIS is £25,000, but later this month it will be announced that this is to be raised to £50,000 from April 1.

This is serious money, and should give a lift to arts sponsorship which has, to date, ridden the recession well but which faces corporate cut backs in 1993. It is to be hoped that the stimulus will penetrate through to the fund raising office at the Royal Opera House, Covent Garden, which holds the distinction that it has not managed to secure a penny from the BSIS in the last four years.

Covent Garden has been able to hold on to most of its corporate members, but this season not one new production has attracted a commercial sponsor. Companies today are much more interested in getting a measurable return from their sponsorship money, or spreading it into education and local initiatives. The big, black tie, £100,000 plus spectacular is currently out of fashion, but other national arts companies, notably the ENO and the National Theatre, still manage to find sponsors for most of their new productions.

★

London is awash with watercolours, which should suit the national mood. Watercolours are the British art form – romantic, sensitive, and transient – and the RA's ravishing display from the golden age (see William Packer's review) should boost the World of Drawings and Watercolours which opens just along Piccadilly at the Park Lane Hotel on Wednesday.

This hardy annual among specialist fairs usually does well. In the past the bonus from Lloyds of London was often invested in another watercolour for the drawing room. Little chance of that this year, but traditional buyers from the shires, lured to London by the RA exhibition, will be tempted to buy from the 50 dealers. The fact that prices begin at £50, and are no higher than last year, should help business.

Dealers are forsaking their expensive galleries to deal from home, using fairs as their shop windows through which to meet new customers

The Fair has succeeded in extending the range out from just jolly hollyhock rural views. Gothick Dream will be showing Vorticist and Surrealist drawings while Kate de Rothschild offers Renaissance drawings among all the Sandbys, Cozens, de Wints and Girtins.

In vivid contrast another regular fair opens next week, Art 93 at the Business Design Centre, Islington, which is now the only annual concentration of contemporary art in London. It is no competitor to the mammoth fairs held at Basle, Madrid and Chicago, but top dealers like Waddington, Gillian Jason, and Angela Flowers are showing their big names, and Annely Juda has been tempted in for the first time.

It is making something of a splash, erecting a monumental sculpture by Anthony Caro, priced at up to £200,000, on the green in front of the Centre. Just as striking should be the 11 works commissioned by pop star and major collector, Peter Gabriel. Gabriel chose the artists, sent them tracks from his new album, *US*, and waited for inspiration to hit them. The much admired Andy Goldsworthy only received the lyrics of a song on a fax, but went out and moulded a nest of twigs and branches in a dusty hollow created by the drought near his Scottish home. He then watched as the rains came and washed away his creation, but the photograph is now in the Gabriel collection.

Antique dealers always say how much they dislike fairs and that there are too many of them. But anything is better than sitting in an empty shop waiting for the recession to end and every day sees the announcement of another big new one. More and more dealers are forsaking their expensive galleries to deal from home, using fairs as their shop windows through which to meet new customers and catch up on trade talk. Wolfgang Fischer, Vanessa Devereux, Anne Berthoud, David Hughes and Mark Glazebrook are just some leading dealers who have chosen this route.

Comeback for Czech conductor

Andrew Clark talks to Martin Turnovsky

FOR MORE than 20 years, the Czech conductor Martin Turnovsky was cold-shouldered by artist agencies in the west. The Communist authorities in Czechoslovakia never forgave him for emigrating after the Soviet invasion in 1968, and put pressure on anyone who tried to engage him. As a result, he was unable to work in any of the world's major musical centres. Now 64, Turnovsky has begun to make up for lost time. The past year has seen him re-emerge as an inspirational force in Prague's opera and concert life, and this month he brings the Prague Symphony Orchestra on tour to Britain.

Turnovsky was one of the most talented Czech musicians of his generation, but by his own admission, he has had a stop-go career. The son of music-loving parents in Prague, he spent the final months of the war in a Nazi concentration camp. He won the Besançon conductors' competition in 1958 – but Czechoslovakia's isolationist policy prevented him from travelling abroad for the next five years. He became music director in Dresden in 1966, but for most of the 1970s and 1980s was treated as a non-person in the Communist bloc.

Today he has none of the recording contracts or high media profile of the star conductor. What he can offer instead is long experience, a broad repertoire, human warmth and the ability to get results – qualities instantly recognised by the Prague Symphony Orchestra when Turnovsky returned to the Czech capital in 1991 after 21 years' exile.

His concerts lifted morale and playing standards. Here were all the virtues of old-world music-making – cleanly-sculpted performances, free of idiosyncracy or blemish. The integrated sound and unforced musicality Turnovsky drew from the orchestra seemed to tap a vital part of the Czech musical heritage. Few were surprised when Turnovsky was appointed chief conductor last year.

Ironically, Turnovsky had received a similar offer in 1970. "For a while after 1968, the government was still quite liberal," he recalls. "I had resigned my post in Dresden in protest at East Germany's collusion with the Soviet invasion, but we could still travel. When I conducted at the 1970 Prague Spring Festival, I was asked to succeed Václav Smetáček [the Prague Symphony Orchestra's music director]. But by then the atmosphere had changed – I realised it was our last chance to leave the country legally. It was a painful decision."

Turnovsky was denounced and given a prison sentence in his absence. He was dropped by international artist agencies, including Harold Holt in London, which were anxious to preserve their links with the Czech state concert agency – the source of a plentiful supply of cheap, high-quality musicians. "Everything was poisoned".

He received a lifeline from George Szell, music director of the Cleveland Orchestra, who had befriended the Turnovsky family in Prague in the 1930s. His former teacher, Karel Ančerl, invited him to Toronto. Rafael Kubelik also helped. In 1975 he became music director of the Norwegian Opera Company in Oslo, and later moved to Bonn. His British opera debut came in 1988, when his *Onegin* with WNO was praised for its combination of passion and sensitivity. In recent years he has given a conducting class at the Musikhochschule in Graz and seen his sons prosper: one is principal bassoon of the Vienna Philharmonic, the other has a solo career as an oboeist.

Since Turnovsky's return to Prague, he has conducted *Otello* at the Smetana Theatre (to be followed next month by *Un ballo in maschera*) and started rebuilding the Prague Symphony Orchestra's audiences. The financial rewards of such a commitment are few – which is probably why so few emigré musicians have returned on an extended basis. Nor can he escape the problems of an orchestra which is still coming to terms with the limits of democracy and the need to generate more income.

But unlike the Czech Philharmonic, which is still divided over its appointment of a German, Gerd Albrecht, as music director, the Prague Symphony Orchestra knew its chief selling point was its Czech tradition. "They asked me to work with them, and if they think I can help, it's my duty," says Turnovsky. "The musicians realise they now live in a competitive world, so there's a special effort. The potential is great. Technically they're playing well, but I'm trying to get the strings to play with more heart and a wider dynamic range."

The programmes for the British tour were arranged before Turnovsky's appointment, and include the usual helping of Smetana and Dvořák, plus the two Brahms string concertos. Turnovsky would have liked to include a Martinu symphony, but is pleased at the amount of Janáček: Newcastle and Leeds, for example, will hear the Talich arrangement of the Suite from *The Cunning Little Vixen*, while the London concert at the Royal Festival Hall on January 24 includes the *Glagolitic Mass*. Turnovsky counts it as "one of the most exciting pieces written this century – and also one of the most complicated. The first time I heard it was in Prague, conducted by the young Kubelik. It was an overwhelming experience for me. I hope it will have the same effect when we play it in London."

The Prague Symphony Orchestra's tour (January 21-30) opens in Dublin and continues to Eastbourne, Leeds, London, Newcastle, Huddersfield, Middlesbrough and Birmingham.

Chess No 957: 1 Rb8! Ra8(if Rf8 2 Qd6) 2 Ra1! wins.

هكذا من الأصل

TELEVISION

SATURDAY

BBC1

7.00 Champion the Wonder Horse. 7.25 News. 7.30 Henry's Cat. 7.35 Wiz Bang. 7.50 Litt' Bits. 8.10 Eggs 'n' Baker. 8.35 Tom and Jerry: Greatest Hits. 9.00 Going Live!

12.12 News.

12.15 Grandstand. *Introduced by Steve* Rider. Including 12.20 Football: Bob Wilson and Gary Lineker reflect on the week's soccer action and look ahead to this weekend's FA Premier League matches. 12.45 Racing from Ascot: The 12.50 *Philip Cornes* Novices Hurdle. 1.00 News. 1.05 Rugby Union: Preview of this afternoon's clash between *England* and France at Twickenham, and Scotland v Ireland at Murrayfield. 1.20 Racing: The 1.25 Grosvenor Insurance *Handicap* Chase. 1.35 Rugby Union: Previewing Scotland v Ireland. 1.55 Racing: The 2.00 Victor Chandler *Handicap Chase. 2.10* Rugby Union: Live coverage of England v France from Twickenham. 4.40 Final Score. Times may vary.

5.15 News and Weather.

5.25 Regional News and Sport.

5.30 Dad's Army.

6.00 That's Showbusiness.

6.30 Noel's House Party.

7.25 The Paul Daniels Magic Show.

8.15 Casualty.

9.05 News and Sport; Weather.

9.25 Film: Parenthood. Steve Martin heads the *all-star cast of this* comedy which follows three generations of fathers and sons, all trying to come to terms with each other. Also starring Mary Steenburgen, Rick Moranis, Keanu Reeves, Tom Hulce and Jason Robards (1989).

11.25 Match of the Day. Desmond Lynam introduces highlights from two of the day's top FA Premier League fixtures and goals from the rest of this afternoon's matches.

12.25 Film: Phantom of Hollywood. Jack Cassidy stars in this horror romp about a masked monster who goes on a rampage against those planning to sell a film studio (TVM 1974).

1.35 Weather.

1.40 Close.

BBC2

8.00 Open University. 9.05 Film: The Southerner. 10.35 James Johnston – Amongst the Greats. 11.15 The Strange Affair of – *The Pied* Piper. 11.45 Donovan the Diviner. 12.15 pm Film: Show Business.

1.45 Animation Now. *Living Colours.* A National Film Board of Canada production.

1.50 Network East. With Moosajee Bhamjee, Labour MP for County Clare in Ireland, and Southall-born Harwant Bains, whose first *feature film Wild West won the* Critics' Award at last year's Edinburgh Festival.

2.20 Tanhaiyan. Zara buys back her parents' house.(English subtitles).

3.00 Film: Lady L. Sophia Loren and Paul Newman star (1965).

4.45 The Sky at Night. *With Patrick* Moore.

5.05 Figure Skating. Coverage of the free dance in the European *Championships from Helsinki Ice* Arena.

6.00 Scrutiny. The work of Parliament's Select Committees.

6.30 Crufts 1993.

7.00 News and Sport; Weather.

7.15 Sounds of the Seventies. New series. Vintage rock, pop and soul performances from the BBC archives, featuring T Rex, Slade, Gary Glitter, Mott the Hoople and *Donny Osmond.*

7.50 Fine Cut. New series. Return of the feature-length documentaries by acclaimed directors, beginning with a look at the silent world of the deaf. The film follows children and adults in their frustrating *attempts to deal with the world of* hearing.

9.25 The Juliet Letters. The story of singer-songwriter Elvis Costello's *collaboration with classical musi*cians The Brodsky Quartet, which resulted in The Juliet Letters, a song-cycle for voice and string quartet. The film features live performances and interviews with Costello and members of the *quartet.*

10.20 Moving Pictures. Profile of Robert Evans who began his career as an actor and then went on to produce the 1970s films Chinatown, The Great Gatsby, and Marathon Man. Plus, Scottish actor-turned-*writer Peter Capaldi on his new* road movie.

11.10 Film: Marathon Man. Dustin Hoffman stars in this thriller with Laurence Olivier and Roy Scheider (1976).

1.15 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 Movies, Movies, Movies. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.

1.05 London Today; Weather.

1.15 Matlock.

2.05 Hard Time on Planet Earth.

3.00 The A-Team.

3.55 WCW Worldwide Wrestling.

4.40 ITN News and Results; Weather.

5.00 London Tonight and Sport; Weather.

5.15 Baywatch.

6.10 Blind Date. New series.

7.10 Barrymore. New series. Michael Barrymore discovers the hidden talent among the public, and encourages guests *from all walks* of life to express their abilities in a variety of humorous ways.

7.55 Film: The Karate Kid III. Ralph Macchio as the teenage martial arts expert finds a new trainer – who turns out to be in league *with an old foe. Premiere of this action adventure,* also starring Pat Morita and Martin Kove (1989).

9.55 Trouble with the Sixties. Michael Aspel returns to the decade when hair grew long, skirts grew short, kinky boots came in and hippies dropped out.

11.10 ITN News; Weather.

11.25 London Tonight.

11.30 Film: Angel Heart. Mickey Rourke stars as a tough New York private eye who literally descends into Hell in pursuit of a missing jazz band singer. Robert De Niro *co-stars as Rourke's mysterious* client in Alan Parker's mix of action and the supernatural. Also starring Lisa Bonet and Charlotte Rampling (1987).

1.35 The Big E. Fashion, cuisine and entertainment throughout Europe.

2.35 Get Stuffed; ITN News Headlines.

2.35 New Music. Investigating the use *of violence in pop lyrics and* videos, followed by **Rock Sport** and **ITN News Headlines.**

3.55 Coach.

4.20 BPM; Night Shift.

CHANNEL4

6.00 Early Morning. 10.00 Trans World Sport. 11.00 Gazzetta Football Italia. 12.00 American *Football: Play Action.* 12.30 pm *Songs* and Memories.

1.00 Victory Through Air Power. Two wartime Disney movies.

2.30 Film: Objective, Burma! World *War Two derring-do with Errol* Flynn (1945).

5.05 Brookside. Omnibus edition.

6.30 Right to Reply. A look behind the scenes at BBC TV's "Good Morning – with Anne and Nick". Studio discussion about the date rape in "Brookside".

7.00 A Week in Politics. A report on a new method of opinion polling which may eliminate the sort of errors experienced in the last *general election. Also this week's* rail privatisation debate.

8.00 After Desert Storm. A timely re-*run of the Equinox documentary* investigating the technology of destruction developed during the 1991 Gulf War.

9.00 Stephen King's Golden Years. Third of the six-part thriller by the maestro of horror.

10.00 Saturday Zoo. New series. With Jonathan Ross and co-host Joanna Lumley.

11.00 Ready Steady Go! The Beatles, The Hollies, and Martha and the *Vandellas are among those pro*viding the music.

11.35 Adult Oprah. The chat show queen interviews sex-starved wives whose husbands would rather do anything than make love. Guest is psychologist Janet Wolfe, author of What to Do When He Has a Headache.

12.30 Film: The Twelve Chairs. Starring Ron Moody as a down-at-heel Russian aristocrat who's hunting one dining chair (in a set of 12) that has a fortune of jewels sewn into it. With Mel Brooks, Dom Deluise and Frank Langella.(1970).

2.10 The Word. Last night's programme presented by Terry Christian.

3.10 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
1.05 Anglia News. 1.10 WCW Worldwide Wrestling. 2.00 The A-Team. 2.55 Father Brown, Detective. (1979) *5.00 Anglia News and Sport*

BORDER:
1.05 Border News. 1.10 Kick Off. 1.30 Fire Over Rome. (1965) 3.00 Granada Sport Action. 5.00 Border News and Weather

CENTRAL:
1.05 Central News 1.10 Bon Voyage. (1962) 5.00 Central News 5.05 The Central Match - Goals Extra. 11.25 Local Weather.

CHANNEL:
1.05 Channel Diary. 1.10 Buck Rogers in the 25th Century. (1978) 5.00 Channel News. 5.05 Puffin's Pla(i)ce.

GRAMPIAN:
11.30 Bill Duncan's Magic Box. 1.05 Grampian Headlines 1.10 The Munsters Today. 1.40 Speaking Our Language. 2.15 Police News. 2.20 Movies, Movies, Movies. 2.50 The Best and Worst of Sport. 5.00 Grampian Headlines 5.05 Cuirm Cloinne. 11.25 Grampian Weather.

GRANADA:
1.05 Granada News 1.10 Kick Off. 1.30 Fire Over Rome. (1965) 3.00 Granada Sport Action. 5.00 Granada News 5.10 Granada Goals Extra.

HTV:
1.05 HTV News. 1.10 McCloud: The Stage is All the World. 2.10 Kraft Tour Tennis. 2.40 Lost in London. (TVM 1985) 4.25 Cartoon Time. 5.00 HTV News and Sport 11.25 HTV Weather.

MERIDIAN:
1.05 Meridian News. 1.10 Buck Rogers in the 25th Century. (1978) 5.00 Meridian News. 5.05 Saturday Sport.

SCOTTISH:
1.05 Scotland Today. 1.10 Laverne and Shirley. 1.40 Speaking Our Language. 2.10 Coach. 2.40 Carry On Cabby. (1963) 4.25 Rocksport. 5.00 Scotsport Results. 5.15 Cartoon Time. 5.30 Celebrity Squares. 6.00 Scotland Today 11.25 Scottish Weather.

TYNE TEES:
1.05 Tyne Tees News. 1.10 The A-Team. 2.05 A Billion for Boris. (1984) 3.45 McCloud: This Must Be the Alamo. 5.00 Tyne Tees Saturday.

ULSTER:
11.30 You're On. 1.05 UTV Live Lunchtime News 1.10 Saturday Sport. 1.20 Transworld Sport. 2.20 The A-Team. 3.25 Movies, Movies, Movies. 3.55 Wrestling. 5.00 UTV Live Early Evening News 5.05 Saturday Sport. 11.25 UTV Live Evening News

WESTCOUNTRY:
11.30 Anybody Out There? 1.05 Westcountry Weekend Latest. 1.10 The Egyptian. (1954) 3.40 The Munsters Today. 4.10 Movies, Movies, Movies. 5.00 Westcountry Weekend Latest.

YORKSHIRE:
1.05 Calendar News. 1.10 The A-Team. 2.05 A Billion for Boris. (1984) 3.45 McCloud: This Must Be the Alamo. 5.00 Calendar News.

S4C Wales as Channel 4 except:-
7.00 Early Morning. 12.30 The Cosby Show. 6.30 Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.20 Shotolau. 7.50 Halen Yn y Gwaed. 8.50 Tocyn Tymor. 9.45 Snapshots.

SUNDAY

BBC1

7.25 High Chaparral. 8.15 Breakfast with Frost. 9.15 The Good Book Guide. 9.30 This is the *Day. 10.00 See Hear! 10.30* Help Your Child with Reading. 10.45 Italianissimo. 11.00 Careering Ahead. 11.30 Channel Hopping.

12.00 Advice Shop.

12.30 CountryFile.

12.55 Weather for the Week Ahead; News.

1.00 On the Record.

2.00 EastEnders.

3.00 Film: Houseboat. Cary Grant stars with Sophia Loren and Martha Hyer and Harry Guardino (1958).

4.50 Lifeline. Percussionist Evelyn Glennie appeals on behalf of Hearing Concern. With subtitles.

5.00 The Clothes Show. Cheap make-up and the designer who creates fashion from packaging *off the shop shelf. Plus, second*-hand designer clothes.

5.25 Antiques Roadshow. Hugh Scully and experts value rare maiolica plates, a late 17th century planetarium and a 15th century Chinese vase.

6.10 News; Weather.

6.25 Songs of Praise. Pam Rhodes meets workers and supporters of Barnardo's in Kensington, London to see the ways in which they can best help young people.

7.00 As Time Goes By.

7.30 Lovejoy.

8.20 So Haunt Me.

8.50 News; Weather.

9.05 *Gallowglass.* *Part two of Ruth* Rendell's psychological thriller, starring John McArdle, Paul Rhys and Nerys Hughes.

10.00 Mastermind.

10.30 Heart of the Matter. Catholicism *does not permit divorce or remar*riage, *but with separations* increasingly common, should the Church be more liberal? Joan *Bakewell* talks to people affected by Catholic teaching on this matter, and looks at the case of a Northern Irish priest defying the authorities by *remarrying divor*cees.

11.05 What Shall We Tell the Children? Encouraging parents to talk to their sons about puberty.

11.25 Famously Fluent. Denis Healey speaks Italian.

11.30 Doogie Howser, *MD.*

11.55 Tanhaiyan. (English subtitles).

12.35 Weather.

12.40 *Close.*

BBC2

7.30 Felix the Cat. 7.45 Playdays. 8.10 Smoggies. 8.35 Telling Tales. 8.50 Christopher Crocodile. *8.55 Superbods. 9.15 The Animals of* Farthing Wood. 9.40 Time Busters. 10.05 Teenage Mutant Hero Turtles. 10.30 Maid Marian and Her Merry Men. 10.55 Blue Peter Omnibus. *11.45 The O Zone. 12.00 Thunderbirds.* 12.50 pm The Invaders.

1.40 Tex Avery Triple Bill. Cartoon fun.

2.00 Around Westminster. Parliamentary news and views.

2.30 *Millennium: Tribal Wisdom and the Modern World.* David Maybury-Lewis examines the bonding rituals of the Xavante tribe in Brazil and the Weyewa of Indonesia.

3.25 Figure Skating. Highlights from *the European Championships in* Helsinki, including the medal-winning moments and mistakes that mattered.

4.35 Ski Sunday. The Men's Downhill from St. Anton, Austria. Introduced by David Vine.

5.10 Rugby Special. *Highlights of* England v France from Twickenham and Scotland v Ireland at Murrayfield.

6.10 The Natural World. *Award-win*ning film capturing the intimate behaviour between a cougar and *her new-born kittens.*

7.00 Crufts 1993.

7.55 The Money Programme.

8.35 Dancing. New series.

9.35 Did You See? Jeremy Paxman's guests are novelist Deborah Moggach, Irene Thomas (a regu*lar panellist on Radio 4's* Round Britain Quiz) and Des Wilson, campaign manager for the Liberal Democrats at the last general election. They will be reviewing LWT's "Anna Lee: Headcase", Central's "The Cook Report" and BBC2's "Notes and Queries" with Clive Anderson.

10.00 Screen Two: Clothes in the Wardrobe. New series. Lili, an *exotic, rebellious, free-living* woman, goes to stay with her old school chum who *is frantically preparing for her daughter's wed*ding. Suspecting the young girl is unhappy about the forthcoming nuptials, Lili sets out to ruin the big day. *Light-hearted drama,* starring Jeanne Moreau and Julie Walters.

11.20 Film: Travels with My Aunt. Based on Graham Greene's novel.(1972).

1.05 Later with Jools Holland.

1.45 Close.

LWT

6.00 GMTV. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Package Pilgrims. 12.30 pm *Crosstalk presented by Peter Allen* with MPs David Mellor and Tony Banks, with guest Harriet Harman, Labour's shadow chief secretary to the Treasury; London Weather.

1.00 ITN News; Weather.

1.10 Walden. In the first of a new *series, Brian Walden asks Hous*ing Minister Sir George King whether the Government should be doing more to help the homeless.

2.00 Bullseye.

2.30 The London Match. Millwall v Brentford. Introduced by Ian St John, with commentary by Brian Moore.

5.00 Bright Lights Big City. Gavin Weightman examines the history of the Black and White Minstrels, and looks at working-class theatres.

5.30 Wish You Were Here? Anna Walker looks at skiing in Kitzbuhel. Nick Owen reports on a cruise around sites in the eastern Mediterranean, while Judith Chalmers visits the Lake District.

6.00 London Tonight; Weather.

6.20 ITN News; Weather.

6.30 *Film: Romancing the Stone.* Light-hearted action adventure. Kathleen Turner plays a romantic novelist who gets more than she bargained for when she goes in search of her kidnapped sister in South America. Michael Douglas and Danny DeVito also star (1984).

8.30 You've Been Framed!

9.00 Agatha Christie's Poirot. New series. Starring David Suchet and Hugh Fraser.

10.00 The Mystery of Morse.

11.00 ITN News; Weather.

11.15 London Tonight; Weather.

11.20 The James Whale Question. The controversial DJ leads a studio discussion on euthanasia.

11.50 Cue the Music. Billy Ocean in *concert.*

12.50 Get Stuffed; ITN News Headlines.

12.55 Film: Hannie Caulder. Starring *Raquel Welch, Ernest Borgnine* and Diana Dors (1971).

2.30 Summerrock – Lenny Kravitz in concert; **ITN News Headlines.**

3.30 Snooker. Jimmy White v John Parrott, in the European Snooker League.

CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Flipper. 10.15 The Miraculous Mellops. 10.45 Land of *the Giants. 11.45 Little House on the Prairie.* 12.40 pm Football Rules. 12.55 Gazza's Soccer School.

1.15 Football Italia. Inter Milan v Parma, the first time Parma have been featured live.

3.30 *Film: It's a Wonderful World.* Suspected murderer James Stewart joins forces with Claudette Colbert to clear his name. Vintage comedy, also starring Guy Kibbee, Nat Pendleton and Frances Drake.(1939).

5.05 Pigbird. Canadian animation.

5.10 News.

5.15 High *Interest: Capitalism Goes* East. Following top bankers whose aim is to help such Eastern European countries as Latvia, Russia and Czechoslovakia convert to capitalism.

6.00 Moviewatch. New series. Tania Guha and Philip Edgar-Jones present the latest film reviews and behind-the-scenes stories from a different location each week. In the first programme, they take a fresh, fast-paced look at everything to do with movies, *from a cinema in Bury, near Man*chester. Laurie Pike presents the latest gossip from Hollywood.

6.30 *The Wonder Years.* *Starring Fred* Savage.

7.00 Tears of the Dragon. Examining *the effects of modernisation on* China. As the country strives to enter the industrial 1990s, the country's wildlife and people face many problems – the Siberian crane is being displaced from its watery home, traditional fishing methods are changing, and a project to develop Shanghai means the relocation of one million people. Tears of the Dragon investigates.

8.00 American Football. Extended highlights *of the game* between the Buffalo Bills at the Miami Dolphins, followed by live coverage of the Dallas Cowboys at the San Francisco 49ers in the last *play-off before the Superbowl.*

12.15 Film: My Bodyguard. Starring Adam Baldwin, Matt Dillon, Ruth *Gordon and John Houseman* (1980).

2.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Food Guide. 12.55 Anglia News. 2.00 The Great Race. 5.00 The Village Show. 5.30 Bullseye. 6.00 Anglia News. 11.50 Guns 'n' Roses.

BORDER:
12.30 Gardener's Diary. 12.55 Border News. 2.00 Wish You Were Here? 2.30 The A-Team. 3.30 Highway to Heaven. 4.30 Bullseye. 5.00 *Scotsport. 6.00 The Border Week. 6.15 Border* News. 11.50 Love at First Sight.

CENTRAL:
12.30 Gardening Time. 12.55 Central News 2.00 *Stuntmasters. 2.45 The Central Match – Live.* 5.00 Bullseye. 5.30 Highway to Heaven. 6.15 Central News 11.50 The Smashing Bird I Used to Know. (1979)

CHANNEL:
12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejornal. 2.00 The Guernsey – Portrait of a Dairy Cow. 2.30 Cliff Richard: *Rock and Religion. 2.40 The Scarlet and the* Black. 5.15 Bullseye. 5.45 I Can Do That. 6.15 Channel News. 11.50 The ITV Chart Show.

GRAMPIAN:
12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 The Dark Angel. 4.00 Wish You Were Here? 4.30 Bullseye. 5.00 Scotsport. 6.00 Grampian Headlines 6.05 Eikon. 11.50 The Intruders.

GRANADA:
12.25 What the MPs Say. 12.55 Granada News 2.00 The A-Team. 2.55 The Baby and the Battleship. 4.45 Bullseye. 5.15 Coronation Street. 6.15 Granada News 11.50 Love at First Sight.

HTV:
12.25 HTV News. 12.30 HTV Newsweek. 2.00 The West Match – Highlights. 2.50 Paint Your Wagon. (1969) *5.45* Bullseye. 6.15 HTV News. 11.15 HTV Weather. 11.50 Love at First Sight.

MERIDIAN:
12.30 Meridian This Week. 12.55 Meridian News. 2.00 *Loud and Clear. 2.40 The Scarlet* and the Black. (TVM 1983) 5.15 Bullseye. 5.45 I Can Do That. 6.15 Meridian News. 11.50 The ITV Chart Show.

SCOTTISH:
12.00 Wemyss Bay 902101. 12.30 The Package Pilgrims. 12.55 Scotland Today 2.00 Scottish Questions. 2.35 Highway to Heaven. 3.30 Bullseye. *4.00 Baywatch. 5.00 Scotsport. 6.00 Scot*land Today 6.05 Eikon. 11.50 War of the Worlds.

TYNE TEES:
12.25 The Littlest Hobo. 12.50 Tyne Tees News. 2.00 Daniel Boon. *2.55 Crooks and Coronets.* (1969) 4.50 Stars of Tomorrow. 5.20 Bullseye. 5.50 The Back Page. 11.50 Coach.

ULSTER:
12.25 Gardening Time. 12.55 UTV Live Lunchtime News 2.00 Bon Voyage. 2.30 The Lion. 4.15 Glenroe. 4.45 Bullseye. *5.15* Coronation Street. 6.15 UTV Live Early Evening News 11.15 UTV Live Evening News 11.50 Scotch and Irish.

WESTCOUNTRY:
12.30 Westwise. 12.55 Westcountry Weekend Latest. 2.00 Westcountry Update. 2.30 The Reluctant Agent. (TVM 1989) 4.15 An Invitation to Remember. *4.45 Bullseye. 5.15 Heart of the* Country. 5.45 Members Only. 6.15 Westcountry Weekend Latest. 11.50 Love at First Sight.

YORKSHIRE:
12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Daniel Boone. 2.55 Crooks and Coronets. (1969) 4.50 Mini Champions. 5.20 Bullseye. 5.50 Calendar. 11.50 Coach.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Brian Hayes on Saturday. 1.30 Pull the Other One. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Hare and Tortoise. *5.00* Cinema 2.
5.30 Nick Barraclough's New Country. 6.00 The World Dances. 7.00 The Bolshoi in London. 9.30 David Jacobs. 10.00 Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.35 Open University: Countdown to Logs.
6.55 Weather.
7.00 Record Review.
1.00 News.
1.05 Music at *Boxgrove.*
2.40 Songs of the Troubadors.
3.00 Solti.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 Three Romances and Two Sonatas.
7.30 Bach more or less Italian.
8.00 Janacek at the Barbican.
9.50 More Runyon Rogues.
10.15 William Howard.
10.45 Outside In Festival.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 Just a Minute!
1.00 News.
1.10 Any Questions?
2.00 Any *Answers?* 071-580 4444.
2.30 Playhouse.
4.00 New Europeans.
4.30 Science Now.
5.00 A Year in Harness.
5.25 The Art of Travel.
6.00 News and Sports Round-Up.
6.25 Week Ending.
6.50 Postcard from Gotham.
7.20 Kaleidoscope.
7.50 Saturday Night Theatre.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 The Year in Question.
10.45 Idle Thoughts.
11.00 Richard Baker Compares Notes.
11.30 Sex in the Head.
12.00 News.
12.30 Close.

BBC RADIO 5
6.30 Weekend Edition.
9.30 Get Set....
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.00 Six-O-Six.
7.30 Afropop Worldwide.
8.30 Le Top.
9.30 Nightbeat.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) *at the following times* GMT:
7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now and Then; Letter From America. *10.30* Waveguide; Book Choice; From The Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 *Mittagsmagazin: News* in German. 12.00 News; Words of Faith. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. *2.00 Club 648.* 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; *News About Britain;* BBC English. 4.29 News Headlines in French. 4.30 Programmes *in German.* 5.00 News Summary; Sportsworld. 5.30 Programmes in French. 6.00 Newsdesk. *6.30 Programmes* in German. 8.00 News; Personal View; Words of Faith.
6.30 Europe This Weekend. 8.55 European Sports News. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports *Roundup. 11.00 News; Words* of Faith; Book Choice; A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken *Bruce Show. 1.00* News Summary; Play of the Week: The Return Of A J Raffles. 2.00 Newsdesk; Europe At *The Time.* 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 *Write On. 4.00 News.* 4.15 Under Threat. 4.30 Business Review.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic CD Chart Rundown.
12.00 Petroc Trelawny.
3.00 Adrian Love.
6.00 Classic America.
7.00 Opera: The Mastersingers of Nuremberg.
10.00 Classic Quiz.
12.00 Andre Leon.
2.00 Classic CD Chart Rundown.
3.00 Andre Leon.
4.00 Classic America.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 10.30 Brian Hayes on Sunday. 12.00 Desmond *Carrington.* 2.00 Benny Green. 3.00 Alan Dell. 4.00 Sidney Torch. 4.30 Sing Something Simple.
5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Nick Barraclough's New Country. 12.35 Charles Nove. 3.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Sunday Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 Spirit of the Age.
1.00 News.
1.05 Selected Poets.
1.20 From the Proms 1992.
3.00 Janacek at the Barbican.
3.01 *Radoslav Kvapil.*
4.00 Performing Janacek.
4.30 Janacek in London.
6.40 Out of the Mist.
7.30 Music For Chorus.
8.20 Prague Today.
8.40 Music for Orchestra.
9.45 Sunday Play.
11.05 Music in Our Time.
12.00 Kindertotenlieder.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 *News Briefing.*
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Dr Mike Smith.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Airing the Future.
4.00 Wide Awake in Ireland.
4.47 Welcome to My Wireless.
5.00 John Cole in the Lakes.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Loss of Innocence.
6.30 Word of Mouth.
7.00 God in the Palaces.
7.30 Bookshelf.
8.00 Fourth Column Classics.
8.30 Living Dangerously.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 With Great Pleasure.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
6.30 John Leslie's Weekend Edition.
9.30 Tintin.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.30 Simon Fanshawe's Sunday Brunch.
1.40 Open Forum.
2.00 Body Talk.
2.30 Where Were You – in 1966?
3.00 Sunday Sport.
6.00 A Century Remembered.
6.30 Education Matters.
7.15 How We Worked Then.
7.30 Italianissimo.
8.00 Language Live.
9.00 Open University.
9.30 Box 13.
10.10 Across the Line.
12.00 Close.
3.25 Cricket.
3.35 International Cricket.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ *(463m) at the following times* GMT:
7.00 Newsdesk. 7.30 From Our Own Correspondent. *7.50 Write On. 8.00 News;* Words of Faith; Classics with Kay. 9.00 News; Business Review. 9.15 Short Story: *The Snakeman. 9.30 Folk in* Britain. 9.45 Sports Roundup. 10.00 News Summary: Science in Action. 10.30 In Praise of God. 11.00 Newsdesk; BBC English. *11.45 News and British Press* Review in German. 12.00 News Summary. 12.01 Play of the Week: The Return of A J Raffles. 1.00 Newshour. 2.00 News Summary. 2.01 This is Your Sport. 2.30 Anything Goes. 3.00 News. 3.15 Concert Hall. 4.00 News; News About Britain. 4.15 BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. *5.00* News and Business Review. 5.15 Club 648. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes *in German. 8.00 News; Folk* in Britain; Words of Faith. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; *Meridian. 10.45 Sports* Roundup. 11.00 News; Business Review; Classics with Kay. 12.00 Newsdesk. 12.30 In Praise Of God. 1.00 News Summary; What's News? 1.15 Femmes Fatales. 1.45 Musical Mavericks. 2.00 Newsdesk. 2.30 Composer Of The Month: Manuel de Falla.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic Romance.
12.00 CD Request.
2.00 Celebrity Choice.
3.00 Robert Booth.
7.00 Authentic Performances.
8.00 Classic *Concert.*
10.00 Contemporary Classics.
12.00 Andre Leon.
2.00 Classic Romance.

CHESS

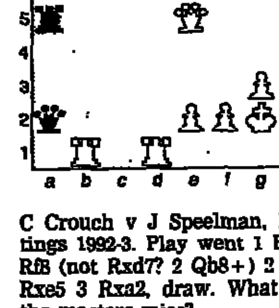
JUDIT POLGAR, the 16-year-old Hungarian prodigy, set two fresh landmarks for a woman chess player this week when she tied for the £4,000 first prize at Hastings with the world no 7 Evgeny Bareev, and beat him in both their games.

Bareev may not be a household name but he is a solid top ten performer who won Hastings 1991 and 1992 convincingly, and joins Salo Flohr(1931-4) and Ulf Andersson (1978-80) who also won three Premiers in a row.

Polgar is already a legend. The youngest ever grandmaster even has Bobby Fischer running scared from their projected match, and her creative style evokes Fischer's own youth (J Polgar, Hungary, White; E Bareev, Russia, Black; Hastings 1992-3).

1 e4 e6 2 d4 d5 3 Nc3 Nf6 4 Bg5 dxe4 5 Nxe4 Nbd7 The Burn variation, a solid choice when Black, as here, needs only a draw. **6 Nf3 h6 7 Nxf6+ Nxf6 8 Be3 Bd6** Be7 is better. **9 Qd3 b6 10 Ne5 Bb7 11 Qb5+!** A subtle check which diverts Black's knight from king defence. **Nd7 12 0-0-0 a6 13 Qb3 b5 14 c4 0-0 15 f4 Be4** Black has to meet c5-c6, a threat set up by his *Bd6.* **16 c5 Be7 17 Bd3 Bxg2?** Black stands worse, but this is a poisoned pawn. **18 Rhg1 Bd5 19 *Qc2 f5 20* Ng6 Re8 21 c6 Nf8 22 Ne5 Bh4 23 Qe2** Judit calmly prepares her final attack against Black's exposed king and jammed pieces. **Qf6 24 Qh5 Red8 25 Rxg7+! Kxg7** If Qxg7 26 Qxh4 and Rg1 soon wins. **26 Rg1+ Kh8** If Kh7 27 Ng4. **27 Nf7+ Kh7 28 Nxh6!** Resigns. Delightful play.

No 957



C Crouch v J Speelman, Hastings 1992-3. Play went 1 Rxd7 Rf8 (not Rxd7? 2 Qb8+) 2 Rb2 Rxe5 3 Rxa2, draw. What did the masters miss?

Leonard Barden

Solution Page XVI

Solution Page XVI

BRIDGE

IN TODAY'S hand from rubber bridge a most interesting point arose:

	N	
	♠ A K 7 5 ♥ Q 5 3 ♦ Q 9 ♣ 7 6 5 4	
W ♠ 10 3 ♥ 9 8 7 4 2 ♦ A 5 ♣ K Q J 3		**E** ♠ Q J 8 6 4 ♥ – ♦ 6 4 3 2 ♣ 10 9 8 2
	S ♠ 9 2 ♥ A K J 10 6 ♦ K J 10 8 7 ♣ A	

South dealt with neither side vulnerable and opened the bidding with one heart, North replied with one spade, and South rebid three diamonds. With a fit for both his partner's suits, North felt that a mere raise to four hearts would be cowardly. He said five hearts – an intelligent reply in my opinion – and South's six hearts concluded the auction.

West opened with the club king, taken by the ace, and the declarer cashed the ace of hearts, revealing the cruel break in trumps. A low diamond ran to the queen, and a second diamond was taken by West's ace. The club queen was ruffed in hand, and the diamond king was led. If West ruffs, the declarer has no more problem, for declarer will over-*ruff with dummy's queen,* draw the trumps, and claim his little slam. West, however, shrewdly discarded spades on the diamond winners. Declarer was able to throw three spades *from dummy.* This left a five-card end-position. West held four hearts and the club knave, *dummy* had *ace of spades,* queen and five of hearts, and two clubs, while declarer held two spades and his three heart honours. South led a spade, and West ruffed to defeat the contract.

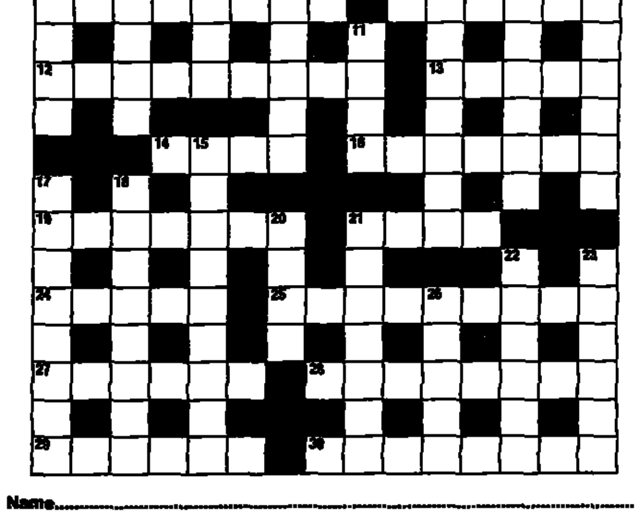
The declarer was quite right in setting up diamonds in order to counter West's ruffing tactics, but he missed the right timing. Before he tackles diamonds,it is essential to cash one spade. Now the defence cannot beat the contract. West will throw spades as before on the diamonds, but in the four-card ending, dummy will have no spade. Declarer ruffs his spade with dummy's heart queen, and claims his contract.

E P C Cotter

CROSSWORD

No. 8,052 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday January 27, marked Crossword 8,052 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 30.



Name..

Address..

ACROSS

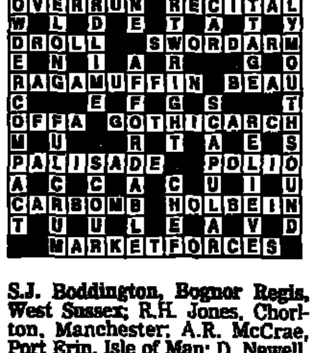
1 The bottom two streets (6)
5 Link with unfinished case (6)
9 Streets of banks and finance, hard to oversee (4,4)
10 Continental entering notes for nerve cell (6)
12 Street band I hesitantly find comparatively tough (9)
13 *Street out of service?* Sounds like a riddle! (5)
14 Street that can soon be solved (4)
16 Street with runners on railway that's running on shipboard? (7)
19 Street from Italy, see master poet (7)
21 Food for street if thorough (4)
24 Street for sailors (5)
25 Lover of the old opposed to river *entering harbour* (9)
27 Cake den in the City? (6)
28 Blue tent arranged with palm seed to chew (5,3)
29 Street of practitioners that ministered to Queen Anne (6)
30 Make an enemy of another sergeant (8)

DOWN

1 Order for a man among the elite (6)
2 Rolls of leaf: terrible disgrace losing both ends (6)
3 Apply needle to article to make wampum (5)
4 Sweeten the top of cake if put in in the proper way (7)
6, 21 RAF with new charter destroyed static fighting (6,7)
7 Parting words on the Golden River that rises without oxygen (2,6)
8 The sweet and the busy in a swarm (5-3)
11 *Food for street of poor writers* (4)
15 Undergoing a common prison, old solver's prickly (9)
17 Grass, says the scripture: sell half, possibly (3,5)
18 One member takes a letter to the Queen on disc (8)
20 Transvestite wear's a bore (4)
21 Health in appropriate style (7)
22 Once our street weapon (6)
23 Shrub produced termly (6)
26 Odd street for bankrupts (5)

Solution to Puzzle No.8,051

Solution and winners of Puzzle No.8,040



S.J. Boddington, Bognor Regis, West Sussex; R.H. Jones, Chorlton, Manchester; A.R. McCrae, Port Erin, Isle of Man; D. Newell, Chiangma, Thailand; Moira Ross, Banchory, Grampian; J. van Rees, Witherslack, Cumbria.

Private View / **Christian Tyler**

Why every new baby matters

Dr Norman Myers believes that population is still the most important issue

THE FAMINES are returning, and so are the population experts to scare us with their sums. But if their projections are even half-correct, why do we pay so little heed to them?

My consultants told me to go and see Norman Myers. Dr Myers is no two-bit Jeremiah: he advises governments and institutions such as the World Bank, the OECD, United Nations and European Commission. He is not afraid of upsetting politically-correct Greens by proposing market solutions. But even he resorts to the occasional shocker.

"In terms of the amount it consumes and pollutes, the average British family has not two children but more like 30 or 35," he said.

So it's at the expense of others that we live?

"Yes. And that applies to all the other developed nations."

Are you saying that a British or American baby is stealing from, say, a Bangladeshi baby?

"I wouldn't quite use that term. I would say our increasing population and affluence – dependent on artificially cheap fossil fuels – are bringing on global warming which could mean Bangladesh losing as much as one fifth of its territory within a lifetime.

"That's the equivalent of Britain losing all land south of London and Bristol. We would be very indignant if that was caused by people round the back of the world who'd been over-indulging."

I'm impressed, I said, but what are we supposed to do? To be fair to the Bangladeshis we'd have to go back to eating ground-nuts and living in tents.

"No, no. An acceptable level of affluence would be something akin to what we had in 1970."

How many fewer children should we have?

Myers paused. "Well, I'd hesitate to offer an estimate because it's a complicated calculation: I'm hedging, of course. The optimum population for Britain, sustainable in a global context, would be a good deal less than what we have now unless we're prepared to get into a much more streamlined economy with far less waste and more efficient modes of production."

Isn't there a more compelling argument for us to reproduce less, apart, that is, from wanting the cash for more consumption?

"Suppose the trade-off was more vacations in the Caribbean or learning to ski."

I might do that, I said.

"Had you ever thought explicitly of that trade-off?"

Not personally, I said. But I'm sure people do, which is why they have only 1.7 kids, or whatever it is. But if we've got to bring it down to 1.1, isn't it going to be a bit of a problem?

"Yes," he admitted. "It would be a very big problem."

Norman Myers was not born an eco-freak. It was somehow reassuring to learn that this modest marathon-runner read French and German at Oxford and worked as a district officer in the colonial service in up-country Kenya before that country's looming population explosion turned him to planetary economics.

He travelled the world, took a PhD at Berkeley and worked with UN agencies before concluding that he had no time for "corridor politics", and set out as a freelance consultant.

Why do people and politicians continue to ignore the sums you and others put in front of them? I asked him.

"In many countries, such as sub-Saharan Africa, it's a culturally taboo subject and politicians don't want to upset the electorate. In Latin America they say the place is underpopulated because there is so much space. Some countries believe large populations mean political power and economic strength. They quote the US, Russia and Japan. They ignore the example of Israel, say, or the Netherlands."

I suggested population doomsters such as Paul Ehrlich and the Club of Rome had spiked their own guns by exaggeration. Myers countered that since Ehrlich's 1968 prediction of massive famine, 250m people had died of starvation, though not, admittedly, all in one place. Technology had only postponed the problem. For three decades to 1984 the plough had kept ahead of the stork, but since then there had been eight lean years in which food production had failed to keep pace. The Club of Rome report in the 1970s had been premature, he admitted, and had ignored some important feedback loops (e.g. prices) but its latest report was more sophisticated.

Why isn't the US taking a lead?

"Because American political leaders won't lead. They're too bound up with their next election. They think that doubling the tax on gasoline to bring it more into line with European rates would be unacceptable. In real terms Americans were paying two and half dollars a gallon in 1981. They shouldn't scream if they are asked to pay double the present price of $1.25."

But all politicians were at fault in refusing to recognise that raising fossil-fuel efficiency to match, say, the Japanese would be very good for their economies.

How can you say Britain is overpopulated? I asked him. There is no starvation. The rivers may be a bit low and the beaches a bit dirty, but we live very comfortably.

"But we depend on a shadow ecology, as I call it, which is five times the size of Britain and on which we depend for some 40 per cent of our food."

He conceded that effective population control could take several generations after millenia of carefree breeding.

"Governments are reluctant to intervene beyond the bedroom door. And yet we accept a minimum age for sexual intercourse, for getting married. We plan every aspect of our economies except the number of consumers."

But aren't there moral limitations? Are Catholics who accept the Vatican line on birth control to be coerced?

"No, not at all. But they are such a tiny minority now. Anyway the European country with the lowest fertility rate is Italy and the part of Italy with the lowest fertility rate is Rome."

Surely you mean the Vatican City?

"I should hope so," Myers laughed.

What about the Moslems?

"The Koran says various forms of contraception are legitimate. The real problem is women in purdah. Only about 5 per cent have been to primary school, their social standing is low and they can't stand up to their husbands."

You have said zero population growth could be achieved in Britain by the "simple expedient" of preventing all unwanted births.

"It's simple but not easy. It's a matter of education. After a Saturday night out and a couple of pints, anything can happen. That sounds awfully patronising but there are a lot of people who end up with unwanted pregnancies."

Tony Andrews

Baby Watch: Dr Myers argues that population growth must be curtailed

There should be financial disincentives for having more than two children. "If you have three and impose a lot of spillover costs on society then I'd devise ways to make you pay those costs." Myers referred approvingly to one economist's proposal that everybody should be given a single "child voucher" at birth. Couples could have their two children or sell their vouchers to someone else.

Enforcement could be tricky, I said.

"Exceedingly."

The world population is over 5bn. In 100 years' time it could as high as 14½bn or as low as 8bn. "There's a lot to play for," said Myers. "I say we should go for the lower figure. Either we choose to do it or nature will do it for us – and nature will not do it discriminately at all."

Surely, it will discriminate against the poorest. People like you and I will be as comfortable as ever.

"I don't think so. Because one of the predominant phenomena of the next few decades, I believe, will be mass migration from developing to developed countries. What we have now in Europe is peanuts compared with what lies ahead. The social tensions we have seen in Germany and France already are nothing to what is to come."

Global warming could give Britain an arid Mediterranean landscape. In such a world – "a world in uproar and full of gunsmoke" – Britain simply could not trade. There could be 300m or 500m refugees battering on the doors of the rich nations. "We win with the Third World or we shall lose with them," Myers said.

Yet it would cost only some $40bn a year to make agriculture in the Third World environmentally sustainable – which is what rich nations already spend on slimming aids. To meet demand for contraception would cost taxpayers in the North a penny a week.

"It needn't cost the earth to save the earth and it would give a much better return in the long run than anything available on the London stock exchange."

How many children have you got?

"Two: both daughters. And I dearly wish, I'm really ticked off that I couldn't have more . . . for professional reasons. I wish there was a bank or something at the United Nations to which I could pay £10,000 or £12,000 a year to cover the social costs. And then, boy, I would certainly have a third child. Heavens, yes."

The sad victims: Britain's editors

***Dominic Lawson** on how the meek tabloids have been manipulated by scheming royals*

BRITAIN'S newspapers are under threat from a force so powerful that none has been able to withstand it. We know this because the editors themselves have told us how this mighty power has manipulated them, consistently, and over a long period.

Strangely, it is just one person. She is a woman. She has no organisation: indeed she has been compelled to share an office with her estranged husband. She is no great intellect, without a single 'O' level to her name. She is not a newspaper proprietor, indeed she has no power of any kind to decide what shall appear in any newspaper. But this, apparently, is all irrelevant: the press, innocent dupes to a man, have been consistently manipulated by her Royal Highness the Princess of Wales. That, at least, is what they have been saying all week.

Cynics might argue that this was merely a ruse, to ensure that they would enjoy the sympathy of their readers at a time when the government was contemplating whether or not to implement Sir David Calcutt's proposals to set up statutory controls over the press. But that would imply that tabloid newspaper editors would stoop so low as to manipulate their readers' emotions – a disgraceful slur.

What is the basis of the newspapers' allegations about the Princess of Wales? They must, surely, have hundreds of examples of her manipulation. Well, as a matter of fact, they don't. It is all based on a single leaked letter from Lord McGregor, the chairman of the Press Complaints Commission, to Sir David Calcutt.

According to McGregor: "I was told by Mr Andrew Knight, executive chairman of News International, that the princess was participating in the provision of information for tabloid editors about the state of her marriage."

Knight's anxiety to put this opinion to Lord McGregor was understandable. News International in its various guises was busily serialising Andrew Morton's book on the Princess of Wales. Lord McGregor, acting quite outside his remit, since his commission had received no complaint, took it upon himself portentously to denounce the reports of Morton's book as "odious exhibition of journalists dabbling their fingers in the stuff of other people's souls".

Perhaps, if Lord McGregor had taken the trouble to ring up Knight beforehand, he could instead have issued a statement denouncing the Princess of Wales. For he subsequently appeared to take the hardly disinterested words of the News International chairman as gospel, even though Morton himself, who ought to know if anyone, has categorically *stated* that the Princess did not co-operate with his book.

Instead, Lord McGregor merely complained, with breathtaking effrontery, that "The Princess of Wales in this situation seriously embarrased the Commission." The media could not believe their luck: they could use McGregor's gibberings to blame the Princess for all their own intrusions.

The Times, in attempting to back up Knight's claims about the Princess's manipulations, stated with absolute assurance that the Prince Charles/Camilla Parker Bowles taped telephone conversation was leaked to the *Daily Mirror* (where it was first reported) "by the Princess's friends".

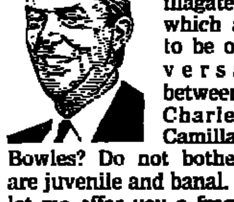
Richard Stott, the then editor of the Daily Mirror wrote to complain that this was completely untrue, that the tape "was offered to us at one of our branch offices and it was recorded by a very ordinary member of the general public. If you are looking for a plot you won't find *it* here."

No, indeed. The only plot has been by powerful men *to* pretend that they have been manipulated by one woman, when they have at all times had complete freedom and discretion to publish what they want, when they want, how they want. It is called the freedom of the press.

■ *Dominic Lawson is editor of The Spectator.*

I have them all taped

Michael Thompson-Noel



HAVE YOU read the "Camillagate" tapes, which are said to be of a conversation between Prince Charles and Camilla Parker Bowles? Do not bother. They are juvenile and banal. Instead, let me offer you a fragment of a tape I made on Thursday, all above board, of a four-way teleconference I arranged between the Queen, the prime minister, Lord King of Wartnaby (the chairman of British Airways), and Hawks & Handsaws. I think you will find it instructive, for it shows how Britain is run.

Hawks & Handsaws: I think, first, we might address Elizabeth's concerns about the spring Budget.

Elizabeth II: Thankyou, Michael. As you know, Mr Major, I am soon to start paying tax on a portion, yet to be announced, of my income. I shall sign the cheques quite happily, safe in the knowledge that you and my other ministers need money for motorways, airports, hospitals – all manner of good works. What worries me are these reports that you and Mr Lamont are considering raising income tax. To have to *start* paying income tax is bad luck enough; to have the *rate* hoisted peremptorily, far above one's head, would be enormously horrendous.

John Major: Let me assure you, your majesty, with promptitude and alacrity, that the government will *not* be raising income tax in this Budget or any other. As you know, the chancellor is an odd-ball – an entertaining fellow, good at party conferences, but headstrong and flamboyant. I shall announce his new post four weeks after the Budget. On the other hand, a considerable sum of money has got to be found, so find it I shall. The Budget will reveal subtle ways for rehabilitating the public exchequer.

Elizabeth II: I trust, Mr Major, that you are not going to commence phasing out mortgage interest tax relief. I am in the process of mortgaging several of my palaces. And then there is VAT. Until recently, I was oblivious of its existence, but I am informed by my racing manager that I shall be liable to grotesque amounts of VAT on my bloodstock transactions.

HAWKS & HANDSAWS

John Major: Have no fear, your majesty. The pernicious amount of VAT on UK bloodstock is something which the Treasury is struggling to resolve. In the meantime, I believe Michael wishes to broach a scheme for rehabilitating the royal finances and recapturing the love and affection which formerly marked your reign.

Hawks & Handsaws: Yah, right. It is a deeply ingenious scheme, but it will need a big sponsor. That is why I asked Lord King to join our tele-conference. The reason, Elizabeth, for your loss of popularity has little to do with your children and much to do with the government. It is weary, worn and wracked. People are fed up, so they are directing their ire at the *symbols* of authority. What the monarchy needs is a PR coup. It is time you won the Derby. You have hundreds of racehorses, but they are all notoriously slow.

I have had a word with Henryk de Kwiatkowski, America's leading owner – you met him in Kentucky – who will *lease* you a racehorse to run in the Derby. He owns an unraced firebrand that cannot be overtaken and is sure to last the Derby's 1½ miles. Henryk will fly it to Britain. It will race in your colours. Victory is assured. The populace will be delirious. What is more, you can win millions off the bookies. They know nothing of this horse.

Elizabeth II: How remarkably super. Mummy will be delighted.

John Major: A quite considerable brainwave.

Hawks & Handsaws: But we need a generous sponsor. I want this sponsor to put up a special Derby prize of £25m – sufficient, Elizabeth, to cover some of your income tax – plus extra funds to pay for a free day out on Epsom Downs for up to 3m people. There'll be bands, food, Champagne – a day of national reconciliation topped by royal victory in the Derby.

Naturally, British Airways came to mind. The fiasco of its dirty tricks campaign against Richard Branson's Virgin Atlantic will not be forgotten until BA spends titanic sums on positive PR.

Lord King: You are right. I used to tell people that the way I ran my airline was through fear. But fear is not enough. My lesson was painfully learned. I am ready to atone. £25m is not a lot of money. You have an old head on young shoulders. I should like to buy you dinner. Are you free tomorrow?

After this the tape gets really interesting, but also a little saucy. A full version will appear in the *Sydney Morning Herald* on Monday.